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CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

- 'RENMIN RIBAO' on Economic Criminals' Punishment
(XINHUA, 10 Mar 82) 1

ECONOMIC MANAGEMENT

- Democracy, Legality in Economic Sphere Need Bolstering
(Jia Chunfeng, Teng Wensheng; ZHONGGUO CAIMAO BAO,
31 Dec 81) 3

- Different Types of Internal Economic Accounting Systems Described
(Jie Guangfeng, Wang Qingcheng; CAIWU YU KUAI JI,
20 Dec 81) 10

FINANCE AND BANKING

- Measures To Improve Tax Collection Work Outlined
(Liu Pinghai; ZHONGGUO CAIMAO BAO, 19 Jan 82) 15

- Jiangxi Meeting Reports on Checking Enterprise Finances
(Jiangxi Provincial Service, 25 Feb 82) 19

CONSTRUCTION

- Sichuan Moves To Curb Blind Capital Construction
(Xia Rong; SICHUAN RIBAO, 31 Jan 82) 21

DOMESTIC TRADE

- Improved Tailoring Service in Shanghai Reported
(Hu Minqiao; JIEFANG RIBAO, 28 Nov 81) 23

FOREIGN TRADE

Improvement of Foreign Trade Management Discussed
(Zhou Huamin; CAIMAO JINGJI, 20 Aug 81) 25

Symposium Held on Packaging of Export Commodities
(Zheng Dianbao, Ma Zhiyuan; SHANXI RIBAO, 18 Jan 82) 32

TRANSPORTATION

Domestic Airline Development Reviewed
(Xu Hongjia; HANGKONG ZHISHI, 6 Jan 82) 33

International Airline Development Reviewed
(Ma Liandai; HANGKONG ZHISHI, 6 Jan 82) 37

Rail Line Between Hengyang, Guangzhou To Be Multiple Track
(NANFANG RIBAO, 16 Feb 82) 39

GENERAL

Smuggling Said To Pose Serious Threat to Country
(Nan Changming; GONGREN RIBAO, 13 Feb 82) 41

Correct Development of Advertising Urged
(Tian Yu; CAIMAO JINGJI, 10 Jan 82) 43

New Problem in Price Theory Pointed Out by Noted Economist
(WEN HUI BAO, 25 Nov 81) 47

Briefs
Economics Course for Administrators 49

ABSTRACTS

CONSTRUCTION INDUSTRY

JIANZHU [BUILDING CONSTRUCTION], No 1, 30 Jan 82 50

SHIGONG JISHU [CONSTRUCTION TECHNOLOGY], No 1, 30 Jan 82) 51

ECONOMIC DEVELOPMENT

JINGJI WENTI TANSUO [ENQUIRY INTO ECONOMIC PROBLEMS], No 1,
20 Jan 82 52

ZHONGGUO JINGJI WENTI [CHINA'S ECONOMIC ISSUES], No 1, 20 Jan 82. 54

ECONOMIC RESEARCH

JINGJI KEXUE [ECONOMIC SCIENCE], No 1, 20 Feb 82 56

POPULATION RESEARCH

RENKOU YANJIU [POPULATION RESEARCH], No 1, 29 Jan 82 58

RAILROADS

TIEDAO ZHISHI [RAILWAY KNOWLEDGE], No 1, 28 Jan 82 61

NATIONAL POLICY AND ISSUES

'RENMIN RIBAO' ON ECONOMIC CRIMINALS' PUNISHMENT

OW100823 Beijing XINHUA in English 0747 GMT 10 Mar 82

[Text] Beijing, 10 Mar (XINHUA)--An editorial in today's PEOPLE'S DAILY calls for a nationwide effort to help enforce the 8 March resolution of the National People's Congress Standing Committee to punish "economic criminals."

The paper says the resolution, adopted by the 22nd session of the Standing Committee of the NPC, is "an important decision in defense of the socialist system." "It is absolutely necessary and conforms to the desires of all the people," it adds.

The editorial accords with the recent effort to weed out and prosecute corrupt officials. "The cadres' ranks will perform official duties well... and socialist morals will have a new look," the paper says.

The article says China's policy of expanding economic relations with other countries has been important in the nation's modernization drive in the past 3 years. But, it says, a very small number of cadres have been corrupted by bourgeois ideas and "have collaborated with the scum of society in smuggling, illegal purchase of foreign exchange, speculation for huge profits, swindling, theft of public property, sale of rare cultural relics and acceptance of bribes."

Economic offenses, and some major cases in particular, are "a grave scourge on the socialist cause and the people's interests," the paper notes. "They have seriously interfered with the party's policies, disrupted economic order, undermined state economic construction and the socialist legal system, impaired state sovereignty, corrupted both cadres and people, and defamed the party's work style and social morals."

The paper says the NPC Standing Committee resolution provides serious punishment for economic offenders and says life imprisonment and even the death penalty may be levied in particularly grave cases.

"The party and the people's government have always advocated using capital punishment as little as possible," the paper says, "but the seriousness of a few economic offenses has reached such an extent the death penalty may have to be employed to beat down the offenders' arrogance and to educate and save others."

The resolution, the paper says, underlines that offenses by state functionaries must be pursued. "Some cases directly or indirectly involve officials in fairly responsible positions, and their shielding of offenders complicates the handling of some cases....Therefore, offenses by state functionaries will be dealt with more severely."

The resolution grants leniency to those who confess their crimes and threatens severity to those who refuse.

The resolution will go into effect 1 April and offenders who surrender to authorities, confess their crimes and expose others before 1 May will be treated according to the old laws. Otherwise, the paper says, offenses will be handled according to the new resolution.

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ECONOMIC MANAGEMENT

DEMOCRACY, LEGALITY IN ECONOMIC SPHERE NEED BOLSTERING

Beijing ZHONGGUO CAIMAO BAO in Chinese 31 Dec 81 p 2

[Article by Jia Chunfeng [6328 2504 1496] and Teng Wensheng [3326 2429 3932]: "Democracy and Legal System in the Economic Sphere Must Be Strengthened"]

[Text] The level of development of the democratic and legal system under socialism is a good indication of whether or not the superstructure of socialism is healthy and in good order, and to what degree. Due to a number of complicated historical factors, especially the severe damage resulting from the 10-year period of domestic turmoil created by the "great cultural revolution," the socialist democratic and legal system in our country is in a poor state of health and the democratic and legal establishment in the economic sphere in particular constitutes a weak link in the system. Since the Third Plenary Session of the 11th Party Central Committee, the Central Committee, having committed itself to the policy of developing the socialist democratic and legal system, has adopted a series of important measures to bring about a historic turning point in the establishment of our democratic and legal system. The establishment of our democratic and legal system has now made significant progress in meeting the needs of the projects of socialist modernization construction.

To make socialist democracy a form of government and a political system, it is first necessary to bring about and to develop political life. That, however, is not to say that socialist democracy is confined to that alone. To bring about and to fully develop socialist democracy naturally demands that democracy should be brought into each and every sphere of life in society, especially that of economic life, and that democratic control should be established and strengthened in such spheres. Unless the principle of social democracy is applied to each and every sphere of social life and is made a positive factor socially and historically among the people and the masses, it would be difficult to fully develop the creative aspect of the principle, to consolidate and to develop by political means social stability and unity, to make it possible for the government based on people's democratic dictatorship to faithfully ensure the welfare of the people, to take dictatorial prerogatives against the enemies of the people, and to safeguard the future development of our economic enterprises and all our socialist undertakings.

Considering the historical experiences we have gained since the establishment of the republic, the work we have actually done in the economic sphere and the needs of the four modernizations, it is incumbent upon us to strengthen the establishment of the democratic system in the economic sphere by placing emphasis on the following:

First, we should bring about structural reforms and overcome the bureaucratic tendency in the work of economic administration. At the present time, our work in economic administration is seriously plagued by a multiplicity of departments, a plethora of organizations, a proliferation of levels, mutual recriminations, overstaffing, an excess of part-time jobs and jobs which exist only in name, a lack of mobility in the execution of orders and extreme inefficiency. For example, the fact that the number of organizations performing the same functions and the number of permanent and temporary organizations and working staffs have exceeded the highest figure in history is a good indication of the seriousness of the problem. This bureaucratic tendency runs counter to the system of socialist democracy. It presents a major obstacle to our effort to increase economic benefits, to explore new avenues to develop our national economy and to proceed with projects of modernization construction. Aside from the influence of old traditions and practices which have come down from the old society, the most important factor contributing to the creation of a bureaucratic society is a deplorable lack of understanding on our part of the laws governing the development of socialism and the imperfections in our socialist system itself. Although we have in the past waged a number of struggles against corrupt bureaucratic practices, the results have not been encouraging. The chief reason is that we merely stressed the need to wage a struggle in ideological education and in the ideological area and were only aware of the fact that bureaucratism was a legacy of the old society. We failed to appreciate the fact that bureaucratism interrelates to and interacts with the existing anachronistic economic system and to seek to overcome the problem by bringing about a change in the system. Unless we seek to eradicate bureaucratism by bringing about a change in the system, we cannot fully activate the positive attitude of those engaged in the work of the nation and that of the masses. In his "Report on the Work of the Government" delivered at the 4th session of the 5th National People's Congress, Comrade Zhao Ziyang made clear the need to adopt measures to cure the ills of bureaucratism by bringing about a change in the system. He pointed out the need to reform and to simplify the system to increase efficiency in order to overcome the bureaucratic tendency existing in the political life of the nation and in the work of economic administration and to set a target date for the accomplishment of the task by the various departments of the State Council as a start. "While the system is being simplified," he said, "it is necessary to spell out by administrative decree the responsibilities and the powers of the various departments of the State Council and of the governments at various levels and the scope of responsibilities of various organizations and their staffs within the various administrative organizations. It is necessary to establish a strict system for the evaluation of, and for giving reward or dealing out punishment to, all those working for the state. It is necessary to correct the evil practice of putting the blame on other people, of procrastinating, and of showing an extreme lack of responsibility in performing one's duties, and to eradicate the practice prevalent in the government in indulging in

the shuffling of documents which serve to accomplish nothing." Through serious, practical and effective reforms of the system, we can rest assured that readjustments and reforms of the entire national economy can be brought about and that such reforms will lend great impetus to our undertakings. Furthermore, such reforms will improve the style and the method of our leadership and encourage large numbers of cadres, those in leadership positions and administrative personnel in the economic organizations at various levels to renew their spirit in dealing with actual problems, in going deeply into the masses, and in overcoming various difficulties in dedicating themselves to the service of the people so as to make themselves truly loyal socialist warriors for bringing about and ensuring the welfare of the people. The more cadres of this type that we have, the faster will be the development of socialist democracy, the more certain we will be that the social evil brought about by bureaucratism will be eradicated and the greater the hope for the accomplishment of the projects of modernization construction.

Secondly, it is necessary to bring about and to strengthen democratization in decision making in the economic and technical fields. By democratization in the process of decision making in the economic and technical fields is meant the full implementation and realization of the principle of socialist democracy in the process of decision making. The making of major decisions in the economic and technical fields must be preceded by detailed investigation and study, the weighing of the opinions and suggestions offered by economic and technical workers, the experts and the masses, and a full discussion and the presentation of scientific proof so that the decisions made may be in tune with the objective economic and natural disciplines, meet with the requirements for economic and technical development and are in line with the will and the benefit of the entire people. We must eschew the opposite method which goes against the principle and the spirit of democracy, that is, a method devised in a cavalier and subjective manner by people in leadership positions who shut themselves in their rooms and isolated from realities and the masses. Following the October Revolution, Lenin, in exercising leadership in the economic development of the Soviet Union, paid serious attention to the democratic and scientific process in the making of decisions in the economic and technical fields and set an excellent example in the actual implementation of such decisions. The "National Electrification Plan" adopted by the Eighth Congress of the Soviet Union in December, 1920 under the leadership of Lenin was formulated after the National Electrification Commission had spent 10 months in studying in detail all the facts, figures and materials and after it had analyzed and discussed all the ramifications on the basis of actual experiences. In order to formulate this economic plan and economic policy in a scientific manner, the National Electrification Commission recruited all the outstanding people in the country. Over 180 scientific and technical experts, including scholars, engineers, agriculturists and statisticians, who took part in the work assessed and checked every basic problem in the plan. Lenin, in rating the meaning and significance of the plan, called it "a truly scientific plan" and "a consolidated economic plan established on a scientific basis." At the same time, he castigated those in leadership positions seriously tainted by bureaucratism within the party who scoffed at and found fault with the plan for "casually criticizing the work of hundreds of outstanding experts," exposing the conceitedness of ignoramuses, and "adopting

a purely bureaucratic attitude in burying the work." "We should," he said, "learn to have some respect for science, to spurn the opinions of the laymen and the conceited and egoistic attitude of the bureaucrats, to engage in our work systematically, and to make use of our practical experiences" ("Selected Works of Lenin," Vol 4, pages 470-473). What was said by Lenin demonstrates in a convincing way his dedication to the principle of democracy in the making of decisions in the economic and technical areas and his uncompromising determination to wage a struggle against the bureaucrats who made light of democracy and science. It is most meaningful to review the practical experiences and the comments of Lenin in providing leadership in the formulation of the Soviet Electrification Plan while we are engaged in making decisions in the economic and technical areas in a democratic and scientific manner. Although we have made certain efforts in this area since the founding of the republic, we have, on the whole failed to fully appreciate the importance of adhering to the principle of socialist democracy in making decisions in the economic and technical areas and to adopt the necessary measures. Particularly worthy of note is the fact that due to our leftist errors and our policy toward intellectuals, we have grossly neglected the need to enlist scientific and technical experts to participate in the work of making decisions with the result that we have failed for a long period of time to put on a sound basis the democratic process, the organizational structure and the entire system in decision making in the economic and technical areas and that the lack of exhaustive study and scientific verification of many economic plans, economic and technical policies and economic and technical measures has created enormous waste and damage. Since the Third Plenary Session of the 11th Party Central Committee, our party, making use of the lessons it had learned, has made significant progress and done a great deal of work in the democratization of the work of decision making in the economic and technical areas. Our present task is to go a step further in following the mass line and especially to make more effective and fuller use of experts and the workers concerned in the scientific, technical, administrative and economic fields in the process of decision making in the economic and technical areas and to create a favorable climate for them to participate in the work of decision making by such means as organization and direction. At the same time, it is necessary to set up as soon as possible a process and a system for the formulation, selection, checking and evaluation of various economic and technical programs. All major economic construction projects and technical decisions involving national policy and the livelihood of the people nationally and locally must be discussed and approved by the national and local peoples congresses or their standing committees. This is an important aspect in safeguarding the democratic privilege of the people and the masses in exercising control over the economic affairs of the nation and an important condition for ensuring the effective and healthy development of the national economy.

Thirdly, continued effort must be made to strengthen the democratic control of the enterprises by staff members, workers and the masses and to establish a close relationship between enlarging and upholding the sovereignty of the enterprises and the democratization of the administration of the enterprises. The strengthening and upgrading of the leadership of the party committees of the enterprises, the establishment of an authoritative and efficient production system under the direction of the heads of the factories and the full

realization of the democratic control of the enterprises by their staff members and workers are the three important elements in the efficient operation of socialist enterprises. One of the basic differences between socialist enterprises and capitalist enterprises is that in socialist enterprises, the employees are their own masters and the enterprises are under democratic control. If the operations of the enterprise are determined by a small number of people in leadership positions, the employees and the masses, deprived of any power, have no say in the making of decisions and in the management of such important matters as the production, operations and distribution of the enterprise, and no opportunity to exercise supervision over those in positions of leadership and management. In that situation, it would be ironical to say that the staff members and workers are the masters of the enterprises and it would be difficult to ensure that the enterprises would be developed in the socialist direction. The "Provisional Laws Governing the Congress of Employees of State Industries and Enterprises," which has not been promulgated, stipulates in a clear-cut manner that the Congress of Employees serves as a basic agent for the democratic management of the enterprises and that it is an organization which empowers the employees and the masses to participate in the making of decisions, in management and in exercising supervision over the cadres. The implementation of the laws would serve to heighten the feeling of responsibility of the employees and the masses as masters of the enterprises from both the organizational and the legal points of view and to ensure and to strengthen their democratic rights as their own masters and decision makers. Each and every enterprise must, as stipulated by these laws, establish, actively develop and perfect the system of the Employees Congress. While the work of reorganization is in progress, the enterprises must develop to the full the role to be played by the Employees Congress and make full use of the wisdom and creative talent of the employees and the masses. Otherwise, it would be impossible to improve and to reorganize the enterprises. One effective way to strengthen the democratic control of the enterprises is through engaging in animated ideological political work and education in the principles of Marxism, letting the progressive thinking of the labor class to take a leading role in the thinking of the entire body of employees, and using such progressive thinking as a matter of course to oppose and to overcome the erosion and influence of the ideas of the exploitation and non-proletariat classes, including vestiges of bureaucracy, capitalism, anarchism and ultra individualism. At the same time, a struggle must be waged against actions which are prejudicial to the interests of the nation and the collective welfare of the people. It is only thus that it is possible to exert meaningful control over the enterprises for the benefit of and according to the will of the working class and the masses instead of operating the enterprises according to the backward ideas of a small number of employees. That is what is meant by the democratic control of socialist enterprises.

There is a close and complementary relationship between democracy and the law. While engaged in strengthening the establishment of the democratic system in the economic sphere, we must at the same time strengthen the establishment of the legal system so that it may be effectively developed in such a way as to be capable of playing its role and fulfilling its function in improving the administration of the economy, maintaining the economic order and ensuring the development of the economy.

In the final analysis, the establishment of the socialist legal system as a political superstructure is made possible by the economic foundation of socialism, the interests of which should in turn be served by the socialist legal system. The most outstanding feature of modern socialist production are mass production, specialization and extensive cooperation. With the development of our economy and the socialization of our production there has been an increase in the degree of specialization and a closer and more complex system of relationships in the national economy. Under such circumstances, the gap between the economic foundation and the superstructure is bound to narrow, the legal ramifications of economic activities and the range covered by the law are bound to widen and laws are certain to play an increasingly inseparable role in the development of the economy. In the economic sphere, the law is resorted to not only to reprimand its violators and to punish the criminal elements; it is also a mainstay in economic management. It assumes great importance in determining the form of economic organizations and economic enterprises, in protecting the legitimate rights of the various economic organizations, in providing a guideline for handling problems between different economic organizations, between buyers and sellers, between those who provide services and clients who make use of such services, and between producers and consumers, in settling various contradictions and conflicts of interest in various economic activities and in promoting a smooth relationship among the various sectors of the economy. It is for this reason that in resorting to administrative and economic measures in the management of economic affairs, we must also resort extensively to legal measures.

We have in the past failed to delve deeply and systematically into the relationship between the economy and the law, and we have been lacking in the understanding of the functions of and the role played by law in the national economy. The mistaken view is still maintained by some comrades that economic activities can be pursued without resorting to the law and that economic laws are not really essential. It should be obvious that this line of thinking is not untainted by the influence of certain traditional socialist theory and viewpoints. According to the traditional socialist theory and viewpoint, the law is merely related to the economic area of commercial commodities and that under conditions of the socialist planned economy, it is possible to adopt organizational and technical measures in the management of the economy without having to resort to legal measures. This obviously runs counter to the historical facts in the development of the socialist economy. Our failure to free ourselves from such traditional theories and viewpoints will damage our positive attitude and our awareness in the need to strengthen the establishment of the legal system in the economic sphere.

Because our legal system in the economic sphere leaves a great deal to be desired, the law has yet to play its proper role in economic management. Our most pressing task is the simultaneous strengthening of economic legislation and economic judicature. In recent years, we have made great strides in the work of economic legislation. The government has formulated and promulgated a set of important economic laws such as "Laws Governing Joint Ventures With Chinese and Foreign Investment," the "Income Tax Law Concerning Joint Ventures with Chinese and Foreign Investments," the "Individual Income Tax Law," the "Regulations on Special Economic Zones in Guangdong Province," the "Regulations

"Governing the Control of Foreign Exchange," the "Provisional Provisions Governing the Expansion of Autonomous Powers in the Administration of Operations of State-operated Industries and Enterprises." In addition, a considerable number of economic regulations are in the drafting stage. The work of economic judicature is also making good headway. Most economic judicial courts of the courts of law at various levels have been set up. However, in order to meet the needs of economic management and economic development, economic legislation as well as economic judicature must be greatly strengthened. Effort should be made to establish and to perfect the legal system in the economic sphere as soon as possible.

Due to the low level of the productive power in our society and the limited variety of our products, we are confronted with many difficulties in various quarters during the period of economic readjustment. Because of the lack of soundness in our administrative and economic laws and the system of the management of operations, there remain many weak links in the chain. On top of that, the weak and dispirited attitude shown by those in leadership positions in certain units in various localities and departments has made it possible for a small number of law breakers to engage in activities prejudicial to the interests of the socialist economy and to take advantage of the existing state of affairs to exploit the situation. At the present time, the various forms of criminal economic activities are running rampant in a large number of localities. They include illegal transactions in consumer products, speculative activities, smuggling and tax evasion, misappropriation of public funds, the stealing of public property, the misappropriation and stealing of government assets, the offering and accepting of bribes in the selling of government assets and promoting the sale of products, the abuse of authority over people, materials and finances, blackmail and extortion, sabotaging the national planning, withholding profits which should go to the government, the use of ingenious ways to misappropriate products and engaging in activities resulting in losses to the government and one's personal profit. These criminal activities must be firmly dealt with according to the laws of the nation. Cases of a particularly serious nature must be dealt with accordingly. As was pointed out by Comrade Zhao Ziyang at the 4th session of the 5th National People's Congress in his "Report on the Work of the Government," "We must, in addition to other measures, adopt the necessary legal measures to safeguard the economic order. In addition to the economic departments, the public security bureaus, the procurates, the law courts, the industrial and commercial administrations, the customs and the tax administrations must cooperate and coordinate in directing their efforts in dealing effectively and promptly with the various types of economic crimes according to the laws and the stipulations of the nation." It is only thus that we can ensure the smooth progress of the readjustment of the national economy and of the projects of modernization construction.

9621
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ECONOMIC MANAGEMENT

DIFFERENT TYPES OF INTERNAL ECONOMIC ACCOUNTING SYSTEMS DESCRIBED

Beijing CAIWU YU KUAI JI [FINANCE AND ACCOUNTING] in Chinese No 12 (20 Dec 81)
pp 30-31

[Article by Jie Guangfeng [6328 0342 6912] and Wang Qingcheng [3769 1987 2052]:
"Forms of Internal Economic Accounting System To Be Adopted by Different
Types of Enterprises"]

[Text] The system of economic accounting within plants has undergone great developments in recent years. In the 1950's, the so-called system of economic accounting within plants refers to the accounting of production costs in the workshop in a two-level accounting system, while the system we speak of now refers to a fairly comprehensive application of the principles of economic accounting and the establishment of a fairly regular system of economic accounting at the workshop level.

At present, many enterprises have adopted the system consisting of index breakdowns, funds determination, calculation of profit and loss, internal settlement of accounts and material rewards as the five basic methods for economic accounting within the plants. We agree that these five basic methods fairly aptly embody the correct method of handling the relationship among economic rights, economic responsibilities and economic interests within enterprises, and that they have been used with good effects in many enterprises. But they cannot remain unchanged forever. In addition to adapting themselves to the developments in the practice of economic management, they should take different forms to suit the special features of different types of enterprises.

Dependence of Internal Economic Accounting System on Scope of Enterprise Organization and Types of Products

There is a close relationship between the adoption of the internal economic accounting system on the one hand and the scope of the enterprise organization and the types of products on the other. The latter includes the varieties of products, the products and the technological process. For enterprises of large-scale organizations, which produce few varieties of products and have a simple product mix with little transfer of products between the workshops, it would be more convenient to use these five methods. However, for enterprises of small-scale organizations which produce many varieties of

products and have a complex product mix requiring frequent transfers of products from one workshop to another, it would be rather difficult to adopt all these methods for the following reasons:

First, for enterprises producing complex varieties of goods, these methods become very complicated because the many varieties of goods and the frequent transfer of semifinished products make the internal settlement of account difficult. The workload will be heavy and some enterprises will find it very difficult to set the prices for internal settlement of accounts. Second, if enterprises of small-scale organizations practice two-level control for two-level units (workshops and work teams) many expenses cannot be clearly classified. This not only applies to the expenses on the consumption of water, electricity, wind, air and other forms of power (because it is difficult to install separate meters to record the consumption) but also to wages and depreciation (because of the disposition of personnel and equipment according to changing current needs). Many expenses require certain coefficients for their apportionment and the results of different units can hardly be accurately determined. Thus a comprehensive adoption of these five methods will not produce good effects.

For these reasons, it would be inappropriate to adopt the same internal system of economic accounting regardless of the different types of enterprises. Instead, we should determine the form of internal economic accounting system according to the scopes of the organization of enterprises.

Basically Complete Internal Economic Accounting System

A basically complete internal system of economic accounting can be adopted by the medium-size enterprises producing many varieties of goods in a fairly continuous work process or by the small enterprises producing less varieties with simple production technology. The main feature of this form is that the procedures in the calculation of profits and losses are simpler in the workshops. All workshops can use the finally finished products as the basis of their accounting and individually work out their own direct processing expenses. The main difference between this and the usual system of economic accounting is as follows: First, the cost of transferred semifinished products is not accounted for. In other words, the semifinished products transferred from one sequence of operations to another are recorded only according to their quantities, but not their value calculated at the internal prices. Thus it is unnecessary to wait until the cost of the semifinished products received has been worked out, and then work out their own cost. Second, only the direct processing expenses in each workshop are accounted for. The other expenses, carried by the semifinished products such as power expenses on water, electricity, wind and air, which cannot be clearly divided, will not be apportioned among different workshops. The plant can calculate the production cost of products with methods which parallel step-by-step transfer from the cost of semifinished products in each workshop. By the end of the month, the expenses incurred by the products of that month will be worked out from the detailed cost records in each phase of production. Then the relevant indirect expenses and the enterprise operating expenses can be apportioned according to a certain coefficient, and the total product cost can be worked out.

The total prices of the products can be accordingly broken down into the prices of semifinished products processed at each workshop, and the result can be used to work out the profits or losses of each workshop. The total profits of all the workshops is the unitary profit for the whole plant. Under such conditions, neither the cost nor the price of the product is complete, but the bases of the two are identical. The internal profits worked out according to this cost and price method can be used to evaluate the workshops' economic results. The other several methods in the internal system of economic accounting can also be duly simplified.

The Incomplete Internal Economic Accounting System

The incomplete internal economic accounting system can be used on small enterprises producing many varieties of products in a fairly continuous production process. The difference between this system and the usual complete internal economic accounting system is that the procedures in calculating the costs and prices of semifinished products in the workshops are simpler. According to this system, accounting is only required on the main economic indexes, and material rewards are given on the basis of the fulfillment of various economic indexes. The specific methods are as follows:

(1) Index breakdown. The various economic indexes of small enterprises can be completely or partially broken down into the shares of different workshops according to the requirements and feasibility. The indexes for the workshops are mainly for the output, quality, consumption and the direct workshop expenses; and other subsidiary indexes for the fulfillment of these main indexes, such as the rate of attendance, the utilization of work hours and so forth. The workshops can conduct accounting for the various indexes in terms of either quantity or money. The size of broken down indexes for the workshops should be based on the size of the enterprise, the simplicity or complexity of the work process, and the level of management. In evaluating the efficiency of workshop management in a small enterprise, we should see if its output is up to the plan, whether the quality of products is up to the standard, and whether its consumption is on the conservative side. Expenses on water, electricity, wind and air, and depreciation expenses that cannot be conveniently apportioned can be included in the unified control and accounting of the whole plant. The semifinished products processed in the workshops can be accounted for according to the quantities but not the prices used for the internal settlement of accounts. This method will reduce the complicated work for the workshops in calculating the costs and prices and can at the same time reflect the conditions of production in the workshops. The workshop can further break down the relevant economic indexes for the work teams or the individual workers.

(2) Funds determination. The workshops of small enterprises generally do not have two-level warehouses for their materials, and there is no need to set the amount of reserve funds. It will be enough to set the amount of funds for the goods under production and a small amount in a circulation fund. Through a monthly inventory, we can find out how the funds are being used. The reserve funds, finished product funds and fixed funds can be separately kept by the departments concerned in the plant. However, a good all-round fund control is still necessary.

(3) Material rewards. The workshop accountants should keep a record of the way various economic indexes have been fulfilled and publicize the records (usually once a month). The way the indexes have been fulfilled will serve as the basis for the recording and rewarding of workpoints. The number of basic points can be based on different indexes, such as 40 points for output, 20 points for quality, 10 points for consumption, 10 points for use of funds, 10 points for attendance, and 10 points for work hour utilization. These points can be added or reduced according to the way the indexes have been fulfilled. For example, there should be additional points for the increased output of goods in short supply and for raising the standard of products; reduced points for turning out substandard products or excessive rejects; and deduction for accidents. Since the ways of fulfilling the economic indexes by different workshops are different, the recording of points and the bonuses are also different.

The system of internal economic accounting is a system with great flexibility in economic management within the enterprises. Adoption of the system of economic accounting can take many forms, but the basic requirement is that the vertical and horizontal relationships between rights, responsibilities and interests within the enterprise should be handled well. If we will adopt the complete, the basically complete and the incomplete forms of economic management for different enterprises according to their needs, we will be better able to serve them by letting the economic accounting system play a more active role and on a larger scale.

9411
CSO: 4006/288

FINANCE AND BANKING

MONETARY STATISTICS FOR END OF 1981 PUBLISHED

OW080512 Beijing XINHUA in English 1225 GMT 4 Mar 82

[Text] Beijing, 4 Mar (XINHUA)--China's monetary statistics for the fourth quarter of 1981 were published today in the fifth 1982 issue of BANKING IN CHINA.

China's foreign exchange reserves at the end of the fourth quarter of 1981 were U.S.\$4,773 million, and gold reserves were 12.67 million troy ounces.

Total deposits amounted to 203,297 million yuan at the end of the fourth quarter, 37,433 million yuan more than at the end of 1980. Total loans came to 276,467 million yuan, 35,037 million yuan more than at the end of 1980. Of the various kinds of loans, short- and medium-term loans for buying equipment were 8,376 million yuan, 2,825 million yuan more compared with the end of 1980; industrial and commercial loans to collective and individual enterprises in cities and towns came to 9,915 million yuan, up 2,086 million yuan.

The money in circulation at the end of 1981 was 19,634 million yuan, 5,014 million more than a year ago.

Deposits in rural credit cooperatives by the end of the fourth quarter of 1981 were 3,961 million yuan, 4,727 million yuan more than at the end of 1980; and loans from the credit cooperatives were 9,638 million yuan, 1,474 million yuan more than at the end of 1980.

CSO: 4020/105

FINANCE AND BANKING

MEASURES TO IMPROVE TAX COLLECTION WORK OUTLINED

Beijing ZHONGGUO CAIMAO BAO [CHINA FINANCE AND TRADE JOURNAL] in Chinese 19
Jan 82

[Article by Liu Pinghai [0491 1627 3189]: "Strengthen Tax Management.
Improve Tax Collection Work"]

[Text] For a long time the influence of leftist mistakes has weakened the management of tax collection. In recent years, the various parts of the country have summed up the lessons of the past and gradually strengthened the management of tax collection. Summing up past experience and some current practices, we have concluded that to strengthen management of tax collection, we need to stress the following areas of work:

1. Uphold the principle of "centralized leadership and multi-level management management." Taxation on industry and commerce has a great deal to do with policy and involves production, circulation, consumption and distribution. The collection and exemption of taxes and the amount of tax all affect directly the interests of the state, the enterprise, and the individual. This feature determines that taxation must be managed in a centralized and unified way. Therefore, any change in the state's tax policies, the promulgation and implementation of tax laws, the beginning and ending of taxation on tax categories, and the adjustment of tax items and rates should all be decided by the National People's Congress or the State Council. The interpretation of tax laws and the specific regulations on taxation and tax management should be issued by the Ministry of Finance or the General Tax Bureau. If this is decentralized with each department making its own policies, many conflicts will arise between regions and between enterprises, which will adversely affect the development of production. On the other hand, China is a huge country and economic development is uneven, so to impose uniformity in every specific stipulation is to overlook differences between localities. Thus the localities should be granted certain discretionary power in the matter of tax management. For example, the initiation and cessation of certain taxes and the adjustment of tax items and rates on such local taxes as slaughterhouse taxes, city real estate taxes, vehicle and boat registration taxes, trade fair taxes, and livestock trade taxes should be decided by the provinces, centrally-administered municipalities and autonomous regions according to local conditions. This way we can both guarantee the uniformity

and serious nature of tax policies and make allowances for varying local conditions so that problems can be solved in light of local conditions, and tax policies can be carried out effectively to promote economic development. Past experience proves that correctly upholding this principle will bring both central and local initiatives into full play, so that the two will work together and do a good job of tax management and collection.

2. Strengthen the legal system of taxation, tighten the discipline of tax payment. Taxation is a legal means used by the state power to acquire revenue without compensation, so the legality of taxation must be emphasized. Current tax policies and decrees, whether they are promulgated by the National People's Congress, made public and implemented by the State Council, or formulated by the Ministry of Finance or the General Tax Bureau on their authorization, all have legal force. The tax laws and decrees contain clear and specific provision on the scope of taxation, the taxpayer, tax items and rates, tax deductions and exemptions, as well as procedures to deal with violations. All these provisions must be observed. All taxpaying units and individuals must register according to regulations, file tax returns truthfully, carry out their tax-paying duties conscientiously, pay their taxes on time and in full. To uphold the solemn nature of tax laws and decrees, all tax evasions and late payment should be dealt with either by requiring the payment of back taxes or by imposing fines as provided in tax laws. Serious cases of tax evasion and defiance should be prosecuted according to law.

In China, revenues from industry and commerce taxes come mainly from state and collective enterprises. So it is very important to see that these enterprises strictly observe their obligation to pay taxes and do so according to regulations. It should be stressed that enterprises must pay taxes immediately upon receiving payment of goods. When they fail to pay back taxes after repeated notices, banks should be notified to make payment by deduction. Should disputes arise over tax payment with tax departments, enterprises should pay the taxes first and then submit a report to tax departments at a higher level, and must not refuse to pay on any excuse. Only when tax payment discipline is strictly observed can we guarantee revenue for the state. Tax departments are organizations directly implementing tax laws and must at all times make tax laws their criteria of work and firmly safeguard the legality of taxation. Tax departments must be impartial in carrying out the laws, never practice personal favoritism, dare to uphold principles, and fight against all actions in violation of tax laws and decrees.

3. Strictly implement tax regulations. Experience in different places shows that to strengthen tax management we must persist in the following rules and regulations:

(1) Tax payment registration. This is the basis for departments to keep informed of changes in the production, management, and tax sources in enterprises and do its job well. All tax-paying units must register at their local tax departments when opening or going out of business. Through registration, tax departments keep informed of the number of taxpaying

enterprises and changes in their production and management and thus keep sources under control.

(2) Tax payment appraisal. This is the specific way by which tax departments implement tax policies, decrees, and rules and regulations at taxpaying units. Through appraisal, tax departments will define for the enterprises taxable categories, appropriate tax items, rates, procedures, and payment time limit, so that enterprises will be able to compute their payments accordingly. Appraisal will be examined and approved once a year. Revisions should be made promptly if conditions change.

(3) Tax payment counseling. This is a necessary measure to assist enterprises solve problems regarding tax payment before collection. Tax departments should inform and explain tax payment matters to enterprises in accordance with their specific conditions, and acquaint accountants with tax policies, decrees and payment procedures, so that they can compute tax payments accurately and improve the quality of account settling and filing of tax returns.

(4) Filing tax returns. This is a legal procedure for taxpayers in fulfilling their taxpaying duty. It is also the principal basis for basic-level tax departments to handle collection, verify payment amounts, and issue payment certificate. Tax departments must examine carefully the tax returns filed by enterprises to see if they fit with facts, if the items and rates are appropriate, if the computations are correct, and if the time limit is according to regulation, in this way ensure prompt and full payment by enterprises.

(5) Inspection of tax payment. This is an effective method used after collection to correct mistakes and stop loopholes, and to see that enterprises have correctly fulfilled their duty. Inspection is mainly to see how enterprises have carried out tax policies, to find out problems in production, administration, finance management, and cost accounting, to see whether enterprises have violated financial discipline, evaded or delayed tax payment. This work should be conducted regularly and in a planned way to guarantee state revenue.

4. Strengthen specific responsibilities in tax management. Tax management is a regular task in tax departments. Economic conditions these days are very complex. In addition to state and collective economy, there is a tremendous increase of individual economy, a rapid growth of trade fairs, a growing number of joint ventures by China and other countries, and enterprises financed by foreign capital. Work in tax collection and management is becoming increasingly heavy and complicated. To do this effectively, we must have a clear division of work, define specific responsibilities for specific positions, so as to do a detailed and thoroughgoing job of tax collection and management.

(1) There should be rational forms of management. Forms of tax management should be determined by the scope of the enterprises, the distribution of the industries, and the characteristics of the regions. Work force should be

organized rationally according to specific conditions so that there is somebody responsible for every work unit and every link of work.

(2) Insist on personal responsibility system for tax managers. There should be clearcut definitions of tax managers' tasks, scope of responsibility, and work quality. Tax managers whose negligence in work results in tax evasion and non-payment should be subjected to criticism and education, and investigation to determine their responsibility. All acts of dereliction of duty and bribe-taking should be dealt with sternly.

(3) Strengthen professional training and raise tax managers' policy and professional level. Training should take various forms to continuously raise the policy and professional level of tax managers. Conditions should also be provided for them to learn through actual work and develop as quickly as possible the ability to perform their specific duties in order to meet the growing needs and complete their tasks more effectively.

9924

CSO: 4006/298

FINANCE AND BANKING

JIANGXI MEETING REPORTS ON CHECKING ENTERPRISE FINANCES

OW261115 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 25 Feb 82

[Text] The Jiangxi provincial people's government held a telephone conference on the evening of 24 February to make arrangements for more effective inspection of financial work in enterprises.

Wang Zhaorong, Standing Committee member of the provincial party committee and vice governor of the province, presided over the conference. Zhang Ruiqing, head of the State Council inspection section and vice minister of finance, attended and addressed the conference.

Present were responsible persons of prefectural administrative offices, municipal and county people's governments, of units concerned and of concerned departments directly under the provincial authority.

The conference noted: Achievements have been made in earlier inspection of enterprises' financial work in the province. However, this initial inspection shows that the problems in enterprises' financial work in the province are serious. In appearance they are economic problems, but essentially they are problems in the ideological field and in the party's work style and party discipline. This initial inspection also shows that there are many problems in enterprise management in the province. However, it should also be noted that achievements have been the main aspect of enterprise management in the province. By examining and dealing with these problems, we will be able to do a better job of enterprise management.

The conference set forth concrete requirements for conducting a more effective inspection of enterprises' financial work. It pointed out: First, problems must be thoroughly examined; and second, those problems that have been examined must be dealt with. It is now necessary to seriously deal with major cases. Those involved in economic and smuggling cases must be made to pay for the losses suffered by the state; in serious cases, those involved should be punished according to the law. Enterprise regulations that are neither reasonable nor legal should be done away with. In the course of the current inspection, all enterprises and units should start studying how

to consolidate and perfect their financial system and formulate new regulations in the light of the new situation. In the current inspection, it is necessary to grasp typical cases, both positive and negative, in order to check unhealthy trends and foster a spirit of uprightness.

In some departments, problems involving their leading bodies have been discovered. Although leading cadres of those departments have not been engaged in graft or have not taken bribes themselves, they have not dealt with their departments' problems even after stalling for a long time. This shows that they are not suitable for their leading positions and should be transferred to other jobs. Leading cadres who are questionable, practice factionalism, shield one another or even openly resist inspection should be removed from their posts.

The conference stressed: the current general inspection of enterprises' financial work must be carried out resolutely and well. The inspection of enterprises' financial work should be linked to the reorganization of enterprises, and should be regarded as a breakthrough in the reorganization of enterprises. We must not stop until we have achieved the objectives of inspection.

CSO: 4006/350

CONSTRUCTION

SICHUAN MOVES TO CURB BLIND CAPITAL CONSTRUCTION

Chengdu SICHUAN RIBAO in Chinese 31 Jan 82 p 1

[Article by staff reporter Xia Rong [1115 3310]: "Strengthen Planning and Management of Capital Construction, Firmly Curb Redundant and Blind Construction"]

[Text] The principal responsible comrades of the provincial people's government, at a recent economic forum, discussed the fact that redundant construction and blind construction constitute one of the problems that for a long time have not been well solved on the capital construction front, and it seriously affects the upgrading of economic results and the development of industrial and agricultural production and construction.

From what I understand, in the past 2 years some industrial departments and areas in our province, in order to increase their so-called financial income, have blindly put up many paper mills, tea processing factories, silk mills, leather factories, saltworks, and other light and textile industry works, which compete with older works for raw materials and markets. Within 2 years, the three systems--spinning and weaving, communes and production brigades, and the two light industries--have newly built or expanded the silk filature capacity by 200,000 threads, so that the province's total capacity is 360,000 threads, 1.25 times greater than the province's former capacity. Based on this capacity, last year's and this year's production of solk could total 10,180 tons of solk, but only about 1.8 million dan of solkwork cocoons can be purchased, a shortfall of over 200,000 dan, and the problem of large capacity and insufficient raw materials has already appeared.

Coupled with the fact that technical training has not kept pace, the quality of the silk is poor, which adversely affects its export. The forecast for the province's requirements for gunny sacks over recent years was about 10 million, but the capacity of 6 gunny sack factories now being built is 20 million, so that when they all go into production half of them will have no market. The state-run capacity for producing superfine tea had been basically suited to the amount of tea leaves purchased, but in the past 1 and 2 years the communes and production brigades have been blindly operating 300 tea processing factories so that the total production capacity has reached about 1 million dan. Last year only 500,000 dan of tea leaves were purchased, so that the processing capacity was double the amount of tea leaves purchased. There is also a trend toward blind development in the construction of breweries.

The leading comrades of the provincial government have paid full attention to the problem of duplicative and blind construction, and the provincial-level departments responsible for the economy have taken the necessary measures for strengthening the planning and management of capital construction and for following strict examination and approval procedures. These specific measures are: for all products whose existing production capacity exceeds the possibility of supplying energy and raw materials for them, no new factories are permitted to be built; for all products whose existing production capacity is greater than society's needs, development must be stopped; all enterprises already under construction must put forward suggestions for dealing with the problem and report them to the original approving organs for examination and approval; and enterprises which compete with large works for raw materials and markets, whose product quality is low, and which have no prospects for development should conscientiously study how to change their product orientation.

In order to curb duplicative and blind construction, everybody must be aroused to give this problem sufficient attention. The planning commissions and construction commissions at every level, and the finance, banking, designing, and construction departments at all levels, must divide up the work and coordinate, closely cooperate, and conscientiously carry out checkups so as to insure the further successful carrying out of the readjustment of the national economy.

9727

CSO: 4006/327

DOMESTIC TRADE

IMPROVED TAILORING SERVICE IN SHANGHAI REPORTED

Shanghai JIEFANG RIBAO in Chinese 28 Nov 81 p 2

[Article by JIEFANG RIBAO correspondent Hu Minqiao [5170 2404 3061]: "Contradiction in 'Difficulty in Getting New Outfits Made' Alleviated After Expansion of Processing Capacity for Materials Supplied by Customers"]

[Text] In past years, the contradiction of the "difficulty of getting new outfits made" was always keenly felt at the approach of the autumn-winter season. How about this year? We understand that the Municipal Garments, Shoes and Hats Company has adopted a series of new measures since early summer to deal with this situation. Judging from the present situation, we can see that the contradiction has been much alleviated. Now, although many large and well-known stores are accepting only limited amounts of material every day, there is no longer any refusal to accept materials for processing. Many garment stores can complete the tailoring of chemical fiber garments and woolen trousers for men and women for delivery in 2-3 weeks. The delivery dates for women's woolen dresses, overcoats and Western-style cotton-padded jackets are also earlier than last year. In alleviating the contradiction of "difficulty in getting new outfits made," the garment trade has adopted a number of measures to tap potential as follows:

1. Increase in network outlets and acceptance of more varieties. Formerly, there were altogether 142 state-run stores or cooperative stores in the whole municipality accepting materials for processing. Now the number has been increased to 167, an increase of 25. The number of garment stores accepting materials for processing into men's outfits has also been increased from 81 to 107; and the number of stores making Chinese-style cotton-padded jackets has been increased from 25 to 46.

2. Increase of production personnel and expansion of processing capacity. According to statistics, the personnel of state-run and cooperative stores processing materials supplied by customers has been increased by 646 persons. At the same time, all units have actively hired extra people to assist in the work so as to expand the capacity for processing supplied materials into men's woolen outfits.

3. Processing supplied materials now included in indexes for evaluation. Formerly, there were only four major indexes--namely, marketing, profit and expenditure rates and the turnover of funds--for evaluating the performance

of basic level stores. Since the start of the second half of this year, processing supplied materials has been listed as an index for evaluation, and any unit not enthusiastic about accepting materials for subjective reasons, and thus failing to fulfill this index, will have its bonus funds reduced.

4. Planned subsidy and reformed wage system. Since the processing of supplied materials yields low output value and little profit, suitable subsidies have been granted since the beginning of this year. This measure has to a certain extent aroused the enthusiasm of the basic-level stores. Furthermore, since last August, the state-run garment stores in the municipality have introduced the system of piecework wages for half of the above-quota output, which has further aroused the enthusiasm of the broad masses of workers and staff members.

Since the adoption of these measures, altogether the entire trade has accepted materials to be made into more than 202,500 garments of various kinds, an increase of 6.3 percent over the same period last year. Among these garments, more than 86,200 of them were made of woolen fabric, an increase of 48.62 percent over the same period last year. Among these woolen garments, the number of outfits and overcoats for men and women totalled more than 52,500, an increase of 80.41 percent over the same period last year. However, because of the continued increase in people's consumption, the purchases of woolen fabric, silk and other high-grade materials to be processed into garments have also continued to increase. At present, the demand for processing men's woolen outfits and overcoats has greatly exceeded the actual processing capacity in the garment trade. Therefore, despite the great efforts of the workers and staff members in the garment trade to tap potential, they still can find no way to meet the demand. According to statistics, in September, the garment trade in the municipality altogether produced more than 35,200 woolen garments, an increase of 41.94 percent over the same period last year. However, by the end of the month, there were still more than 51,900 pieces, an increase of 70.16 percent over the same period last year, left to be made. Because of the huge number of orders on hand, many stores are now unable to accept any more materials for making men's woolen overcoats or outfits. The garment trade is now strengthening its weak links, stepping up cooperation in processing, organizing labor emulations, and since the beginning of November has revised the piecework wages for above-quota output in order to further arouse the workers' enthusiasm for processing supplied materials. At the same time, it is hoped that the industrial departments will also tap their potential and set aside some resources to restore and add more retail departments to accept materials for processing in a common effort to alleviate the contradiction of "difficulty in getting new outfits made."

9411

CSO: 4006/189

FOREIGN TRADE

IMPROVEMENT OF FOREIGN TRADE MANAGEMENT DISCUSSED

Beijing CAIMAO JINGJI [FINANCE, TRADE AND ECONOMICS] in Chinese No 4,
20 Aug 81 pp 44-46

[Article by Zhou Huamin [0719 5478 3046]: "Foreign Trade System and Management Results"]

[Text] Just what is the best system for China's foreign trade is a question which interests everyone. Our foreign trade system in the past had the following characteristics: (1) The Ministry of Foreign Trade monopolized the import and export business and made unified accounting of the profit and loss. (2) The branch corporations in the various areas were under the dual leadership of the general specialization corporation and the local foreign trade bureau, and were subordinated mainly to the former in business leadership and financial relations. (3) The business dealings between the inland corporation and the coast was a relationship of transfer whereby the inland corporation organized the sources of commodity to supply the coastal unit for export, and a foreign trade center with the coastal unit as the main component was formed. (4) Large commodities of a national nature were handled by the general specialization corporation and delivered severally by the various areas.

How do we assess the superiorities and defects of the foreign trade system? We must analyze it from the angle of the economic demands of the foreign trade work of the state. Generally speaking, a good economic system will produce good economic results. In terms of export, the goal of our foreign trade work is doubtlessly to sell commodities according to plans at the best price. To attain this goal, three conditions are required: (1) Foreign trade enterprises must have business accounting in mind and the desire to seek the best price. (2) Unified external measures are needed and self-competition must be reduced to the minimum. (3) The production units must feel an interest in exporting and have the capacity to create new varieties, raise the quality and improve the packaging, striving to attract the purchasers with their own products. Measured against these three conditions, our previous foreign trade system had its defects, which were mainly manifested as follows: The foreign trade enterprises shared equally in the large canteen cauldron, failed to

pay attention to business accounting, and sometimes cut prices to compete against one another in their one-sided pursuit of the export quota; unified foreign trade was maintained solely by administrative intervention and there was no economic stimulation; the production units did not understand foreign marketing, failed to undertake the responsibility of completing the export tasks, and lacked the inherent ability to improve the export products.

The measures to reform the foreign trade system adopted by us last year include the following: (1) Special policies and flexible measures were adopted for Guangdong and Fujian, and foreign trade was freely developed. (2) The productive enterprises possessing export qualifications may, upon approval and under the premise of independent accounting and sole responsibility for profit or loss, engage in the export business. (3) Business management powers were transferred to the municipalities of Beijing, Tianjin and Shanghai, and general import corporations of the municipal level were created which assumed sole responsibility for profit or loss of their own areas and managed the foreign trade business of the municipal branch corporations. (4) The tri-city system was introduced in inland provinces and foreign trade business was fully opened up. Will such measures avoid the defects of the old system and attain favorable economic results? It seems that there are many loopholes. First of all, the business relationship between the general specialization corporation and the branch corporations in the provinces changed from one of leadership to one of guidance. As a result, words no longer carry weight, creating confusion in foreign trade management. The light industrial general corporation, for instance, wanted to organize a "China Cloth Shoes Export Federation" to unify the management of export cloth shoes, but was unable to proceed because some provinces and municipalities refused to participate. One should say that our previous unified foreign trade work was sharing equally in the large canteen cauldron. Yet today, the competition among the provinces, municipalities and prefectures, and even among the enterprises, the lack of an overall concept and the failure to reach uniformity on prices and other aspects of export commodities constitute the greatest defect of the tri-city system. Next, the rational flow of export commodities with the coastal units as the centers is disrupted. The coastal units possess foreign marketing personnel, but they have no authority to proceed inland to organize commodity sources; the inland units have the commodities, but they lack the marketing ability. The personnel are not put to their best possible use and the resources do not flow smoothly. Thirdly, the transfer of export business to the lower level has not accomplished the goal of sole responsibility for profit or loss and independent accounting on the part of the enterprises, but merely changed the previous unified accounting of the Ministry of Foreign Trade to that of the local areas, and changed from taking much from the "common pot" to only taking a little from it. In terms of the enterprises, while there has been no essential improvement, many new contradictions have emerged. As the composition of the export commodities of the various provinces and municipalities is different and the ratified exchange cost may be either high or low, the areas where the cost is high go to the areas where it is

low to seek commodity sources, creating the situation of raising prices and rush purchasing. With external price cuts to compete for market and internal price hikes to compete for purchases, how can foreign trade management be successful?

The previous foreign trade system required reform. However, the direction of reform should be placed in enlarging the self-governing power of the economic entities (enterprises and enterprise federations); its course should be by way of experimental units and gradual progress according to the proper order; its goal is to promote the improvement of operation and management, uniformity in foreign trade, and activation of the enthusiasm of the production units. Here, I wish to discuss my views.

1. How does the reform promote the improvement of operation and management? The foremost measure is independent accounting and sole responsibility for profit or loss on the part of the enterprises. Today, the greatest obstacle for the foreign trade enterprises to assume sole responsibility for profit or loss is the discrepancy between internal and external prices. The prices of some commodities, for instance, are high at home and low abroad, resulting in a loss when exported, while the prices of others are low at home and high abroad, producing a profit when exported. How do we solve this problem. There are only three methods: reform the price structure; adopt differential exchange rates; introduce the system whereby the enterprise takes sole responsibility of the undertaking regardless of profit or loss. It appears that the first two methods are relatively more difficult, while the third may work. Possibly we can first select a group of branch corporations with relatively good management conditions as the experimental units. The first step is to determine the total exchange cost (so many yuan for \$1) of the branch corporations according to the actual results of operation and the total profit or loss of the previous year and reward those increasing their profit and reducing their loss. Thereafter, the exchange cost and profit or loss of several large commodities within the corporations are compiled and section and group accounting introduced. Additional batches of commodities are placed under accounting every year, gradually intensifying. As the structures and proportions of the commodities handled by the various branch corporations are different, differences in the total exchange cost are permitted, but the exchange cost of the same commodities should gradually move toward uniformity, in order to encourage the advanced and select the superior for export. We advocate that the small plants refrain from competing for raw material with the large plants in domestic production, and we should also advocate that, in export, the provinces and municipalities with high exchange costs refrain from competing for market with those with low exchange costs. Meanwhile, we must also avoid the situation where the provinces and municipalities with high exchange costs raise prices to make purchases in other areas. If so, the improvement of the operation and management of foreign trade enterprises is hopeful.

2. Uniformity is an important policy on our socialist foreign trade. Only with uniformity will we "prevent the outflow of benefit." Sole responsibility of the enterprises regard'ess of profit or loss will promote uniformity in foreign trade. Only on such basis will the enterprises be impelled to think of their own economic interests and consciously observe the foreign trade measures jointly formed. If it can be supplemented with legislation on external economic activities, it will be even better. Uniformity in foreign trade requires the general specialization corporations under the Ministry of Foreign Trade to strengthen the management of the market, customers, and prices. Degrading the leadership relationship between the general specialization corporations and the branches in the provinces and municipalities to one of guidance is undesirable. It requires strengthening the position of Beijing and the large coastal bases as the centers of foreign transactions and concentratively utilizing the foreign marketing forces. Transactions on all large commodities of a national nature should be handled in Beijing in a unified manner, to be delivered severally by the provinces and municipalities. Coastal transaction centers should be organized for unified handling of large commodities of a regional nature. Such centers are organizations in the nature of enterprise federations, and the general specialization corporations participate in their leadership.

3. Permitting the production units to engage in foreign trade is also an important measure in the reform of the foreign trade system. To engage in foreign trade, the production units must possess certain conditions, such as whether they have foreign marketing personnel and whether they can assume sole responsibility for profit or loss on the commodities handled by them. If the conditicons are present, the kinds of commodities to be handled by them must also be specified. Last year at the fall trade fair, it was discovered that enterprises exporting machine products promoted the sale of kerosene stoves at low prices, thereby disrupting their normal export. The situation must be prevented. In regard to the production units which do not directly engage in export business, industry and trade must maintain close cooperation and mutually exchange information, so that the production units can promptly understand the market conditions abroad and the foreign trade units can have a clear idea of the production cost, thereby overcoming the defect of production and marketing losing touch with each other.

The differential exchange rate mentioned in this article means deciding on different exchange rates according to the price differentials of the different commodities in foreign and domestic markets, such as 5.50 yuan per \$1 for import and export household electrical appliances, 4 yuan per \$1 for import and export general market resources, etc. As this work is relatively complex, we should explore it further. It must be pointed out that the management of foreign exchange and the determination of the exchange rates are closely linked with the development of foreign trade. Centralized management and planned and rational use of foreign exchange constitute an important principle in our foreign exchange management. However, under the principle of centralized management, within the business range of the foreign exchange banks, the suitable liberalization of

Foreign exchange dealings between socialist enterprises may benefit the improvement of export commodity management, reduction of unnecessary export losses of the state and enhancement of the economic results of foreign trade. Currently, the export exchange cost of some commodities is very high (over 4.50 yuan per \$1, far beyond the internal subsidized export exchange rate of 2.80 yuan to \$1). On such commodities, if we arbitrarily prohibit their export, it will certainly affect employment; if the state assumes the export losses for an extended period of time, it will be unfavorable to the improvement of the operation and management of the production enterprises. The measure satisfactory to both sides is to let the production units assume the sole responsibility for profit or loss on certain high loss commodities, to exclude the export foreign exchange receipts from the state plan on the use of foreign exchange, and to free the state from being responsible for their export losses. The foreign exchange receipts after export are considered the reserve of the enterprises themselves and may, through the foreign exchange office of state foreign exchange banks, be sold to units in urgent need according to prices agreed on, or the enterprises may, on their own initiative, ask the import and export corporations concerned to import commodities for them, thereby offsetting the export losses with their import profit.

Currently, to improve the management results, reverse the foreign trade losses, eliminate the fiscal deficits, and render better service to the readjustment of the national economy, we must concentrate on the following items of work in foreign trade:

The first is called increase. While we must enable foreign trade to complete the import and export tasks and provide relatively more profit to the state, we should vigorously develop the production of commodities of relatively low cost to expand export or reduce import. Every year, we burn up tens of million tons of petroleum. If we can replace it with coal and increase the export, we will acquire a large export profit as well as a sizable foreign exchange for the state. It is an issue calling for our concentrated effort. Meanwhile, we must not overlook the development of the export of relatively low cost agricultural by-products. China's rural population is of an overwhelming majority. As long as the policies are correct, the potential of output increase is great. According to the conditions in 1979 and 1980, the increase in the export of agricultural by-products and special native products was greater than light industrial products. We should create a group of agricultural by-products production bases, improve the varieties, increase the output and expand the export as much as possible. For light industrial and textile products to get a good price, we must mainly rely on superior quality and rapid innovation in design and coloring, and make the designing ability and the speed of diesinking keep pace.

The second is called decrease. We must moderately reduce the import volume of a batch of unprofitable commodities and the export volume of a batch of high loss commodities. For this reason, we must line up the unprofitable import and export commodities according to order. We lose,

for instance, 1.36 yuan on the import of \$1 of wheat, 1.53 yuan on that of \$1 of chemical fertilizer, 1.50 yuan on that of \$1 of cotton, and 1.60 yuan on that of \$1 of paper pulp. We must weigh the sizes of the losses, select the items involving large losses for reduction, and reduce the losses as much as possible. Naturally, we must consider resource balancing at home when reducing import. Reducing the export of high loss commodities is also a means to decrease the loss and increase the profit. For many of our products, we suffer a loss of 1.70 yuan or more for every \$1 exported, and for some commodities, such as cigarettes and fiberboards, there is a shortage at home. Therefore, if they are kept at home and used to help currency circulation, the economic results will be much greater than exporting them. In reducing high loss export commodities, we must follow three different principles: (1) liberal on high-supply products and strict on short-supply products; (2) liberal on products affecting a wide area of employment and strict on those affecting a narrow area; (3) liberal on products of low production cost and high taxation profit and strict on those of low taxation profit. In case of increase in difficulties for the production units due to the export reduction of some high-supply commodities, we should devote our effort to raising the adaptability of the products for foreign marketing and reducing their production cost.

The third is called adjustment. We should adjust the import and export commodity plans according to the principle of rational management. There should be the following adjustments: (1) On certain import raw materials with similar use and interchangeable, we should increase the proportion of the profitable varieties and reduce that of the unprofitable ones. The import of polyester, for instance, is profitable and that of cotton unprofitable. If we import 100,000 ton less of cotton and a like amount more of polyester, we will cut the loss and increase the profit by 627 million yuan. (2) For the same kind of export commodities, there is a big difference in the export exchange cost for the various areas. Take the following articles for instance: For bicycle parts, Shanghai's exchange cost is 4.10 yuan per \$1, Jiangxi 4.28 yuan and Beijing 5.92 yuan; for enamelware washbasins, Jiangsu's exchange cost is 2.92 yuan per \$1, Shaanxi 3.50 yuan and Hebei 5.12 yuan. For this reason, we should select the superior for export and restrict the export of products in areas with a high exchange cost. (3) The fact that some commodities are both imported and exported is unfavorable to us. The import and export of each ton of newsprint, for instance, result in a loss of \$100; the import and export of each bicycle result in a loss of \$10. We can no longer engage in such business with a fancy name but actual harm, and should introduce the measure of differential import and export. For some commodities, such as wristwatches, though we both import and export them, their import will enrich the market and help currency circulation while their export will lay a foundation for occupying the international market in the future.

The fourth is called economy. A glass utensils plant in Sichuan imported an automatic cup blowing machine in 1975 and owed more than 3.5 million yuan. It lost money after putting it into production and still cannot

repay the debt even today. Beijing imported a set of equipment to make fluorescent tubes which has been sitting in the warehouse for 5 years. Controlling the import of high-level consumer goods is also an effective way to save foreign exchange. High-level consumer goods are divided into public and private consumption. We must be as strict as possible when it comes to commodities purely for public consumption, such as small sedans. Commodities for private consumption have the effect of helping currency circulation, stabilizing commodity price and improving the people's living, but their import must also be controlled, in order to avoid affecting domestic production and overstocking. We were relatively confused in this aspect last year. Besides the items imported according to the plans of the central government, the various areas used their own foreign exchange to import 800,000 television units and 400,000 tape recorders. This loophole must be blocked this year.

6080
CSO: 4006/340

FOREIGN TRADE

SYMPOSIUM HELD ON PACKAGING OF EXPORT COMMODITIES

Taiyuan SHANXI RIBAO in Chinese 18 Jan 82 p 2

[Article by Zheng Dianbao [6774 0368 1405] and Ma Zhiyuan [7456 5268 6678]: "Shanxi Foreign Trade Bureau Holds Province-wide Packaging Symposium to Improve Packaging Design and Decoration for Export Commodities"]

[Text] To meet the needs of an ever-growing foreign trade, the Shanxi Provincial Foreign Trade Bureau recently held a province-wide symposium in Taiyuan on packaging of export commodities with a view to improving package designs and decorations and packaging quality.

The symposium reviewed and summed up foreign trade packaging work in the past year, carefully studied and exchanged experience on how to improve the allocation and supply of packaging materials for Shanxi's export commodities this year, the manufacture of package containers, package design and decoration, and advertising and promotion at home and abroad.

The symposium put on an exhibit comparing package designs and decorations of Chinese and foreign commodities, showed videotapes on product packaging in other countries, and explored from a theoretical viewpoint the role played by packaging in the entire commodity circulation process. The symposium held earnest discussions on a number of questions, including: How to actively support and develop the packaging industry in the province; how to gradually change the province's foreign trade packaging industry from one supplying packaging materials to one supplying packaging containers, from one importing packaging materials into the province to one exporting the province's packaging materials and containers; and how to constantly improve packaging quality and lower costs.

Participants to the symposium pointed out that the symposium, the first of its kind in the province, had helped liberate the minds of the participants, broadened their views, increased their understanding, and enhanced their confidence in improving package design and decoration.

9924
CSO: 4006/298

TRANSPORTATION

DOMESTIC AIRLINE DEVELOPMENT REVIEWED

Beijing HANGKONG ZHISHI (AEROSPACE KNOWLEDGE) in Chinese 6 Jan 82 pp 2-3

[Article by Xu Hongjia [1776 7703 0857], Planning Bureau, China Civil Aeronautics Administration: "Civil Aviation Administration of China Domestic and Special Flights"]

[Text] Editor's Note: As of the end of 1980, China's internal air routes numbered 159 covering a distance of 200,000 kilometers, reaching 79 cities, more than 500 flights each week being flown. In addition, China is now capable of performing special flights for aerial afforestation, forest protection, photography, and ore prospecting for a total of more than 10 different kinds of jobs. Area of operations covers 29 provinces (or regions) and municipalities. As of the end of 1980, flight had been flown for an accumulated more than 600,000 hours.

From their inception in 1929, old China's civil aviation endeavors had always been controlled by imperialism and bureaucratic capital. Development was extremely slow; aircraft were antiquated, airfields were in disrepair, and facilities were backward. On the eve of Liberation, all that remained were several seriously damaged airfields.

Following the founding of New China on 1 October 1949, the Civil Aviation Bureau was founded on 2 November in which was assembled a group of cadres who began to build civil aviation endeavors. On 9 November the broad masses of staff and workers of the Chinese Central National Aviation Company, their hearts filled with patriotic zeal, resolutely defected flying 12 aircraft to Hong Kong. Nearly 4,000 employees returned to the motherland. During the period of national economic revival, under the leadership of the party, the broad masses of staff and workers in New China's civil aviation surmounted difficulties of many kinds to gradually restore the formerly tattered aircraft and communications, navigation, and meteorological equipment at major airfields. In August 1950, two routes from Tianjin to Wuhan to Guangzhou, and from Tianjin to Wuhan to Changqing were formally inaugurated. Thereafter the people's civil aviation endeavors developed rapidly.

During the past 30 years, in order to meet needs for development of the socialist national economy and of construction, the state invested funds in civil aviation, did new construction, enlarged airfields, renovated aircraft, added facilities, operated flying schools, and enlarged repair plants. Now civil aviation has built a group of large airfields capable of handling jet passenger planes under complex meteorological conditions, has a substantial number of aircrews for various types of aircraft, has established a special flying school and a civil air academy, an aircraft maintenance base, and four aircraft and communications and equipment repair plants.

Now an internal air network centered on the capital at Beijing radiates to every province, municipality, autonomous region, and large city in the country, and connects the seacoast with the interior, and the interior with the frontiers. Since 1958, and in coordination with local governments, southeast, northwest, and northeast regional airlines have been inaugurated. The opening of these regional airlines dovetails with the internal trunk lines, thereby further strengthening the link between the national capital and provincial capitals, and between provincial capitals and certain special zones or industrial cities. This has transformed the situation of inaccessibility to transportation of some areas, and has promoted political, economic, and cultural development of these places. Statistics show that as of the end of 1980, 120 of the country's internal airline routes were trunk lines, and 39 were regional routes, flights covering a distance of 106,000 kilometers, serving 79 cities with somewhat more than 500 flights per week. During the past 30 years, total amount of turnover in transportation has averaged an annual 20 percent incremental increase annually.

Following Liberation, the state attached extreme importance to and gave priority consideration to establishment of an air network to distant places and to places to which transportation was not developed. Following the opening of flights to Changqing in 1950, the "aviation forbidden zone" was broken through in 1956 with flights across the "roof of the world" on the Tibetan Plateau in a successful test flight to Lhasa. In carrying out test flights, the aircrews who had defected, and other comrades made major contributions and built merit. Today that route has become the major transportation route between Lhasa and the interior. In recent years, in order to meet China's tourism needs, civil aviation in China has constantly inaugurated new routes to cities opened to tourism, has enlarged airfields, and increased the number of flights. In 1979 alone, it increased by 14 the number of internal air routes. Now there are direct flights among the eight major tourist cities of Beijing, Shanghai, Guangzhou, Xian, Hangzhou, Guilin, Nanjing, and Kunming, and large jet passenger aircraft can take off the land at these places. As a convenience to compatriots from Hong Kong and Macao participating in the Guangzhou Fair and visiting the country to do sightseeing or visit relatives, and in order to cut down travel time, in 1978 charter flight service was inaugurated between Guangzhou and Hong Kong, and in 1980 scheduled flights were inaugurated between Hangzhou and Hong Kong, Shanghai and Hong Kong and Beijing and Hong Kong. Last year, scheduled flights or charter flights were inaugurated, one after another, between Nanking, Kunming, Chengdu and Hong Kong.

Air transportation consists largely of passenger transportation, which accounts for almost 70 percent of the total amount of turnover. The transportation of passengers aside, civil aviation is also responsible for the transportation of cargoes and of mail. Most of the cargo carried is material with fairly high value, or equipment and instruments urgently needed for production. Also carried is seedlings, seeds, livestock, and pesticides. In 1958, for example, 400 million fish fry were sent from Wuhan, Wuhu, and Nanning to the northeast, to North China, and to the southwest to help development of aquatic product endeavors. The survival rate for fish fry transported by aircraft is better than 9 percent (sic). A shipment of Australian breeding sheep imported to Shanghai in 1979 were airshipped to Lhasa with a 100 percent survival rate.

China had never had special flights until they were gradually established after Liberation. China's special flights began in May 1951 in Guangzhou with the spraying of DDT emulsion to kill mosquitoes and flies. They developed gradually thereafter. Projects ranged from solely the protection of forests from fire to development of aerial photography, aerial prospecting, aerial investigation, petroleum surveys, railroad route selection, dredging of rivers, prevention and control of agricultural and forestry diseases and insect pests, sowing of seeds for afforestation, killing weeds and applying fertilizer, artificial rainmaking, aerial photography, sea rescue, melting of ice and snow, and killing of snails and field mice for a total of more than 10 projects. Except for Taiwan Province, the area of operations has included 29 provinces, (regions) and municipalities at a total of more than 370 operations bases. As of the end of last year, an accumulated total of more than 600,000 hours had been flown, with annual 15 percent incremental increases, and with remarkable effectiveness. For example, in the southwest, northwest, in South China, in North China, and in the East China regions, aircraft were used to sow seeds in the afforestation of more than 160 million mu in 458 counties in 22 provinces or autonomous regions. Over an area of more than 63 million mu seeds have sprouted and forests have grown to maturity, and in some areas cutting for use has begun.

The New China Civil Aviation Administration has always placed flying safety first. In 1957 Premier Zhou instructed, "Guarantee safety first; improve service; and make flying routine," and that is the program that the civil aviation administration has followed. In order to carry out this program, constantly improve administration and management, and assure flying safety, much work has been done from the training of air and ground service personnel, to the formulation of rules and regulations, to improving technical facilities. As a result, China's civil air administration has always maintained a good flying safety record, and enjoys a very high reputation both at home and abroad. Efforts to make flying routine and quality of service have also been steadily improved. Experience has shown that only a socialist system can make civil aviation develop rapidly.

After 30 years of development, the civil air administration is pretty well in shape; however, as compared with the world's air transport industry, it is still relatively backward, and it is not commensurate either with China's

position or with development needs. With development of the building of four modernizations, and especially with the rise of tourism, new and higher requirements have been placed on civil aviation, and in future air transportation play an ever more important role. In the future, civil aviation will have to inaugurate some domestic routes to accommodate tourism and to provide convenience to compatriots in Hong Kong and Macao returning to the motherland to visit relatives, and will have to focus development of special flights on providing service in petroleum development.

Last year following publication of the talk by Commissioner Ye Jianying on the eve of the national anniversary about the return of Taiwan to the motherland and realization of a program and policy of peaceful unification, we gave enthusiastic endorsement and firm support. We sincerely hope that the day will come when civil aviation will be conducted with our compatriots in Taiwan, and that we will work together to develop civil aviation endeavors for the motherland to enter the advanced ranks of the world, and make a greater contribution to the motherland's building of the four modernizations.

Editor's Note: Both this article and the following one on development of China civil aviation's development of international service were delivered by the writer at last October's aviation world national anniversary symposium held in the national capital.

9432
CSO: 4006/345

TRANSPORTATION

INTERNATIONAL AIRLINE DEVELOPMENT REVIEWED

Beijing HANGKONG ZHISHI [AEROSPACE KNOWLEDGE] in Chinese 6 Jan 82 p 3

[Article by Ma Liandai [7456 5114 1486], International Service Bureau, Civil Aviation Administration: "Development of the International Service of the China Civil Aviation Administration"]

[Text] Editor's Note: China has signed government to government aviation agreements with more than 40 countries joining the international Civil Aviation Organization. We have air service to 21 cities in other countries over 18 air routes covering a distance of about 200,000 kilometers.]

Following the founding of the Chinese People's Republic in 1949, under the leadership of the Chinese Communist Party and the People's Government, China's civil aviation developed steadily to its present size.

1. Situation in Brief on International Air Routes

1. The first international route (the China-USSR route) was inaugurated in January 1955. In April 1956, a route from Beijing to Kunming to Rangoon was inaugurated. Thereafter, air routes were inaugurated, one after another, to several neighboring countries including Korea, Vietnam, Mongolia, Laos, and Cambodia, which were short international routes.

Since September 1974, China's civil aviation international routes entered a new stage, with routes being inaugurated one after another to Tokyo, Osaka, Karachi, Paris, Tehran, Bucharest, Tirana, Addis Ababa, Belgrade, Zurich, Frankfurt, Manila, Sharjah, Baghdad, Nagasaki, and Bangkok. In 1980 and 1981 flights were added to London, New York, and San Francisco. Flights now serve 21 cities over 18 international air routes covering a distance of about 200,000 kilometers.

2. In 1980 local routes were inaugurated from Beijing, Shanghai, Guangzhou, and Hangzhou to Hong Kong.

3. Establishment of air links between China and foreign countries has been done in a spirit of equality and mutual benefit, and friendly cooperation. The main goals are convenience for people to travel and promotion of friendly relations, as well as to develop cooperative relationships in every field.

4. China has signed government to government aviation accords with more than 40 countries. China's civil aviation has also established general agent relationships with 28 foreign aviation companies, has established ordinary agent relationships with the airline companies of 45 countries, and has established financial accounting relationships with more than 180 airline companies.

5. Fifteen national and regional airlines fly to China.

Flight safety of the Civil Aviation Administration of China is renowned throughout the world. During more than 30 years, no serious accident has occurred on any of its international routes.

After the smashing of the "gang of four," and particularly since the Third Plenary Session of the 11th Party Central Committee, administration and management have gradually improved. In a world situation in which most airline companies are losing money, we are still gaining. Our position among international air carriers has been improved, and our influence has expanded further.

2. Participation in international organizations and international treaties.

1. In February 1974 China reinstated participation in the International Civil Aviation Organization, and from that time forward it has been elected a permanent member state in three consecutive sessions. Chinese has been accepted by that association as a formal working language.

2. China has not yet joined the International Air Transport Association formed by more than 100 aviation companies, but it has established friendly relations with that organization.

3. China is a signatory to the most important international aviation treaty, the "International Civil Aviation Treaty," and it is also a signatory to the "Warsaw Treaty" and the "Hague Convention" on passenger and cargo indemnification, as well as to the "Tokyo Pact," the "Hague Treaty," and the "Montreal Treaty" on prevention of illegal disturbances of civil aviation.

Not long ago, Commissioner Ye Jinying further clarified the program and policies for the return of Taiwan to the motherland. We ardently endorse and resolutely support this, and are determined to make a contribution to the early realization of unity of the motherland.

9432
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TRANSPORTATION

RAIL LINE BETWEEN HENGYANG, GUANGZHOU TO BE MULTIPLE TRACK

Guangzhou NANFANG RIBAO in Chinese 16 Feb 82 p 1

[Report by staff special correspondent: "Work Begins on Multiple-Track Project on Hengyang-Guangzhou Stretch of Beijing-Guangzhou Line"]

[Text] The State Council recently formally approved the construction of multiple tracks from Hengyang to Guangzhou on the Beijing-Guangzhou railroad line. This project will play a major role in invigorating north-south transportation and in promoting our province's economic construction.

The Beijing-Guangzhou line is the only railroad line connecting the various provinces and cities in north China and south-central China with our province and running into Hong Kong, and is also an important north-south trunk line of our country. Its transportation task is extremely heavy. However, because the 530-kilometer Hengyang-Guangzhou line is single track, the transit transport capacity has been affected adversely. Following national economic construction and the development of foreign trade and tourism, this stretch of railroad became less and less suited to requirements. Passenger and freight transportation is extremely strained; every year several millions of tons of goods cannot be transported, and a large number of passengers have difficulty in booking trips. This has a very big adverse effect on the development of the economy, the people's livelihood, and the construction of special economic zones in our province. Because of this, our province has many times asked the State Council and the central leadership to build, as quickly as possible, a multitrack rail line between Hengyang and Guangzhou. The State Council and the central leading comrades gave full attention to these requests and, after investigation and study, in 1980 the department concerned began advance work on the central project for the building of the multiple-track line--the Mount Dayao tunnel. Recently, formal approval was obtained for carrying out the multiple-track construction.

Because the investment for this project is large, the method of having the state, the Ministry of Railways, and the province raise funds and use foreign capital loans was adopted for carrying out the construction. According to the principle of constructing by stages and benefiting by stages, before the Mount Dayao tunnel is finished, the existing line will be rebuilt, so that 2 million tons of transport capacity will be added during the period of the

sixth 5-year plan. Afterward, if the state's financial and material power permit, there will be added an additional 2 million tons of transport capacity. It is estimated that the entire multiple-track construction project will be basically completed in 1978. After completion, the transit capacity will be more than double that at present.

9727
CSO: 4006/327

GENERAL

SMUGGLING SAID TO POSE SERIOUS THREAT TO COUNTRY

Beijing GONGREN RIBAO in Chinese 13 Feb 82 p 2

[Article by Nan Changming [0589 2490 2494]: "Firmly Crack Down on Smuggling"]

[Text] Smuggling and trafficking in smuggled goods is a crooked, shameful business. However, in some places it can be carried out in broad daylight and has become quite popular. Some people don't consider it wrong to buy smuggled goods, have an easy conscience about using smuggled goods and even feel pleased with themselves, bragging to others that they know the ropes and have got real bargains. This cannot but shock people.

Recently, it has also unexpectedly been discovered that party members and leading cadres support and take part in smuggling and trafficking in smuggled goods. Some of them, because they have taken bribes, give the briber a "handle," and again and again intercede on behalf of the smuggler, extricating him from criminal charges and covering up for him. Others, because of their lust for foreign goods, disregard state law and personally take part in organizing smuggling and trafficking in smuggling goods, or take up the position of the backstage boss of these criminal activities. The masses' talk about them is increasing day by day, and people concerned about national affairs have even sighed: "If this goes on, the state will be ruined!" Is this an exaggeration just to scare people? No! Let us look back at history: In the past, the rapid decline of the Qing government began with imperialism's bribing and colluding with high and low officials in the imperial court so that it could smuggle and traffick in opium, and China was quickly reduced to a colony! The corruption and destruction of the Chiang Kai-shek "dynasty" also began with officials at all levels indulging in corrupt practices, smuggling and trafficking in smuggled goods, and practicing graft and taking bribes. Therefore, smuggling and trafficking in smuggled goods is like a pestilence, and since ancient times men of insight within the ruling classes have looked upon it as a pestilence. Even the corrupt late Qing government explicitly issued strict prohibitions against it. It was only because the Qing's social system had become decadent and rotten that the government could not enforce the prohibition, and in the end the government perished. We are a socialist country, and we certainly cannot let the crime of smuggling go unchecked and let these smuggled goods run rampant. This is an important matter that concerns the success or failure of the four modernizations and is an important matter of national dignity. We must create a social atmosphere

in which smuggled goods are despised, and make them a case of "when a rat runs across the street, everybody cries, 'Kill it!'"

The character of our country is diametrically opposed to the acts of smuggling and trafficking in smuggled goods, which pursue private interests, and is a powerful guarantee against such acts. The central authorities, with the greatest determination, have already prohibited smuggling and trafficking in smuggled goods. I think that if only we fully rely on the masses to ruthlessly expose smuggling crimes, and firmly struggle against smuggling and trafficking in smuggled goods, the prospects will be very bright!

9727

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GENERAL

CORRECT DEVELOPMENT OF ADVERTISING URGED

Beijing CAIMAO JINGJI [FINANCE, TRADE AND ECONOMICS] in Chinese No 1, 10 Jan 82
pp 58-60

[Article by Tian Yu [3944 7183]: "The Functions of Advertisement Should Be Correctly Understood And Brought Into Play"]

[Text] At present, advertising is developing and is increasingly demonstrating its important functions in our country. But many people are not familiar with advertising, and some even think advertising does not serve much purpose, if any. How to correctly understand and bring into play the function of advertising in the socialist economy remains an important issue to be settled.

What is advertising? Advertisement is the means to publicize commodities, open up markets and push sales of commodities. It is an economic form commodity owners use to illustrate, through proper channels of propagation and means of propaganda, the character and characteristics of commodities and their consumer benefits (results) to the users, thereby to arouse demand desires and establish the reputation of commodities. In capitalist society, advertising is developed to such an extent that special agencies, people with professional skill and specialized knowledge are provided and the forms of advertisement and the propagation media are more diversified and modernized.

Do socialist countries need advertising? Does advertising serve any purpose in our country? Obviously the answer is in the affirmative. Formerly, we totally repudiated advertising as a purely capitalist thing, and it seemed that socialist countries should refrain from using it. That view was wrong. Facts prove that advertising is still of great significance in socialist countries.

First, as far as its functions are concerned, advertising is the medium between commodity production and consumption. So long as there is commodity production there is need for advertising to recommend commodities to consumers. Originally commodities are products of labor used for exchange (sale) and, only by having them sold, can the use-value of commodities be consumed and can the commodity value be realized. Therefore, to recommend commodities and push sales through the medium of advertising is actually the objective demand of commodity production itself. Since socialism still needs vigorous development of commodity production, inevitably it is necessary to recommend

commodities extensively to the users and to permit the existence of advertising. In the past, since we did not give importance to the question of whether products satisfied needs, much less to the question of how to serve consumers (users), there was a widespread phenomenon of "production for production's sake." Because of this and also state monopoly for purchase and marketing of most products, commercial sector only sold what it purchased. Under those circumstances, naturally advertising was not needed.

Second, the purpose of socialist production is to satisfy the material and cultural needs of the whole society, making it imperative to link producers closely to consumers (users). The commercial sector serves as the bridge between producer and consumer. The variety, quality and quantity of commodities and the speed of commodity turn-over have great impacts on the development of production and the improvement of people's livelihood. Therefore, recommending commodities to users through the medium of advertising is precisely a concrete manifestation of the effort of the commercial department to serve users and social needs. As far as consumers and users are concerned, without advertising they will have no way to know the variety and function of the commodity they need and the development of new products, and will find it difficult to select and purchase consumer goods. In order to ensure integration of production with demand and sales, it is necessary to bring the functions of advertising as a medium into full play so as to facilitate development of commodity production. This is particularly the case with a country like ours which has a large population, a vast territory and more complex and diversified requirements regarding socialist production and the people's livelihood.

At present, our country is in the period of economic readjustment and a number of enterprises lack sufficient production assignments. Some enterprises have used advertising as the medium to obtain more orders for goods. They have achieved good results because they have changed from a state of "not having enough orders" to a state of "having more orders than they can fill." For example, the Harbin Fenghua Machinery Plant lacked sufficient orders in the winter of 1979 and put an advertisement in the newspaper in January 1980. Soon they received several hundred enquiries and concluded one transaction involving 100,000 yuan. By March the plant had signed 283 contracts, putting itself in a position to arrange production plans for two to three years.

Third, in the process of restructuring the economic system the state has pursued the policy of market adjustment under the guidance of state plans and has given enterprises more power to manage themselves, permitting them to compete with each other.

The functions of advertising in expanding the influence and reputation of enterprises, opening up markets for products and launching competition among enterprises cannot be overlooked. Advertising is a good weapon employed by enterprises to expand their influence, fight for markets, stimulate consumption, and expand sales. In addition, it plays an important part in enabling us to develop foreign trade and break into and occupy the international market.

Thus, advertising is still very useful under socialist conditions.

To be sure, there is a distinction between socialist and capitalist advertising. (1) In a capitalist society, everything is commodity, anything can be used as the medium of advertising, and all places are full of advertisements. In the streets, advertisements meet one's eyes on every side. Advertisements are put up inside and outside of buses and street cars, and even stage curtains are occupied by advertisements. When a TV film is shown, it is interrupted many times by commercials. This is the result of promoting the capitalist mode of commodity production and advertising battles among enterprises. Obviously, this cannot be the case with a socialist society. The socialist economy is based on public ownership and is a commodity economy under the guidance of plans. Enterprises are engaged in publicity through the medium of advertising according to their requirements. In addition, the state may provide enterprises with information about supply, production and demand and guide enterprise production and operation through special agencies like market forecast centers, trade centers and information centers and with the aid of special publications and product catalogues of various enterprises.

Advertising will not spread unchecked as it does in capitalist society.

(2) To solicit customers and prevail over competition, capitalist advertising often stops at nothing and capitalist advertisements flooded with false, vulgar and decadent things. Advertising becomes an instrument of profiteering and cheating customers. Under socialist conditions, advertising subordinates itself to the production aims of the whole society, serves social requirements, assumes responsibility to users, stresses the economic responsibility, reputation and commercial morality of enterprises; it must not practice fraud and cheat users. Furthermore, the state will gradually make laws to safeguard the interests of customers and coordinate the advertising activities of various enterprises. Advertising should have a socialist style and Chinese style loved by the masses; it should be prominent and practical in content and elegant in style. It must not publicize vulgar and bizarre things. (3) Because of acute competition, capitalist enterprises push out and jostle against one another, exploiting the instrument of advertising recklessly to achieve their aims. They seek the exciting, squander manpower and material resources, and raise advertising costs to a very high level, thus causing huge wastes of social wealth. For instance, advertising costs in the U.S. amounted to \$1,600 million in 1934 and rose to \$21,000 million in 1971. The advertising costs paid by a tourist company in Hakone, Japan were equivalent to one fifth of the company's annual revenues. Capitalist advertisement is characterized by being numerous, big in scale and costly. The Citroen Company set up a bill-board on the Eiffel Tower of Paris; the letter "N" on the bill-board was 20.7 meters long visible for 38.6 kilometers. Capitalist advertising is very costly; for instance, during the 1970 football playoffs the Hartford Insurance Co. bought one minute of TV commercial hour at the cost of \$200,000. All this has gone far beyond the necessity of normal commodity exchange and become a phenomenon peculiar to capitalism. Besides, the huge advertising costs will eventually be shifted to the consumers. Under socialist conditions, such things should not be sought and inappropriate increases in purely circulating costs should be avoided.

In short, socialist advertising enterprises should avoid capitalist malpractices as far as possible and promote its healthy growth.

Advertising itself is a branch of science. Success in advertising demands good technical work to enhance the artistic character of advertisement and make it attractive while achieving good commercial effects. In addition, special attention should be paid to the objectives and aims of commercial advertisement and, on the basis of market survey and forecast, market movements should be grasped and the consumer psychology, habits and preference of customers, regional differences and the characteristics of different strata should be carefully studied. In the case of advertisements aimed at foreign buyers or designed with the additional aim of propaganda, care should be taken to study the foreign customs and traditions and pay attention to the consumer modes and characteristics of foreign customers. Only by clearly setting the objective of advertising, stressing its aim and devising perfect artistic forms can advertising achieve the anticipated results. We must not follow the same pattern and use "pictures of beauties" for advertisement purposes in all cases. Nor should we disregard the character and characteristics of commodities and use stereotyped remarks like "excellent quality and reasonable price, three things guaranteed." At the same time, we should choose the best means of propagation on the basis of commodity variety and consumer objects. For instance, for advertising capital goods we should use special publications more frequently instead of cramming TV programs with such advertisements. Otherwise, we shall take up a lot of publicity facilities and time with poor results, which is also a sort of waste. To be sure, whatever the advertisement the most important thing to do is to keep faith and call a spade a spade. Otherwise, no matter how good its form advertising cannot achieve the aim of expanding sales. On the contrary, it may achieve the opposite result and damage an enterprise's reputation.

To sum up, socialist advertisement is anything but unimportant. The crux of the matter is to have a correct understanding of its functions and bring them into play appropriately. Both total repudiation and reckless utilization of advertising are harmful. At present, advertisement and propagation still have many shortcomings. This has something to do with our insufficient knowledge of the character and functions of socialist advertisement and insufficient knowledge of the advertising art. Such shortcomings are unavoidable. As long as we keep summing up experiences, conscientiously make improvement through trial and error, and keep improving our steering ability, our advertising will certainly develop in a more healthy manner.

9780
CSO: 4006/337

GENERAL

NEW PROBLEM IN PRICE THEORY POINTED OUT BY NOTED ECONOMIST

Shanghai WEN HUI BAO in Chinese 25 Nov 81 p 3

[Article by staff correspondent: "A New Problem in Working Out Theoretical Prices Pointed Out by Xue Muqiao [5641 2550 0294]"]

[Text] In a recent speech, Comrade Xue Muqiao mentioned a theoretical problem which has to be solved in working out theoretical prices. Should our theoretical prices be equal to the value or to the production price (that is, the average production cost plus the average profit calculated according to the average profit rate on funds)?

In the early 1960's, and particularly during the "Great Cultural Revolution," most economists and the then current textbooks on political economy held that the planned price of socialist countries should correspond to the value of a product, not to the production price, which was repudiated as the outcome of a revisionist theory, particularly during the criticism of "putting profit in command." At that time, Comrade Sun Yefang [1227 0396 2455] was under attack from all sides because he was strongly in favor of using a production price. Reasonable profits for socialist enterprises were again favored after the smashing of the "gang of four." Since the introduction of the experimental system of profit-sharing among enterprises, most economists have again advocated planned prices based on production prices. Some foreign economists also advocate this way of price setting, and there seems to be no more argument about it.

However, in a recent trial formulation of theoretical prices, a new problem emerged. Since there are no capitalists in socialist countries, nobody has ever demanded that an enterprise should yield an average profit. The state wants the enterprise to yield a profit, but it does not insist that the profit on funds should be equalized. We invest in various trades not because of their profit level, but according to the need for products in the society. Hereafter, enterprises can no longer enjoy the free use of funds and must pay taxes to the government or interest to the bank. The rate of taxes and interests can be adjusted according to the specific conditions in each trade; so our system is not like that in capitalist countries where all the banks choose to invest in enterprises making high profits. Particularly after the introduction of the system of profit-sharing by the enterprise (the profit now means the remaining profit after the payment of taxes or interest), the

enterprise's own funds, except for that portion used on its own technical renovation, are mainly used on the workers' collective welfare or bonuses. The latter portion is not based on the amount of capital funds, but on the number of workers. If profits are calculated according to the average profit rate on funds, then those enterprises with a particularly high organic composition of capital (that is, more capital funds and less workers and staff members), will share more profits, with corresponding increases in the fringe benefits and bonuses for the workers and staff members. As to those enterprises with a particularly low organic composition of capital, that is the labor-intensive type enterprises, the share of profits will be small, and the fringe benefits and bonuses for their workers and staff members will also be small. This is obviously unfair. Therefore, whether socialist countries should set their prices according to value or according to production prices is still an important question to be studied. Even now, we cannot say that this problem has been solved.

9411
CSO: 4006/189

GENERAL

BRIEFS

ECONOMICS COURSE FOR ADMINISTRATORS--Kunming, 10 Mar (XINHUA)--A 6-month course in economics sponsored by the Chinese Federation of Economics Study Groups started recently in Kunming, Yunnan Province, to train qualified administrators for China's enterprises. This is the first of a series of courses planned by the federation. Students are selected from all over the country, according to a federation spokesman. The federation, founded in March last year, is a national, nongovernmental society specializing in the study of economics. It embraces 250 economics associations and academic societies, and has Chinese economists Xue Muqiao, Yu Guangyuan, Sun Yefang, Huan Xiang and Ma Hong as its advisers. The current training course has 223 students including government economic administrators, enterprise managers and technicians and college faculty from 15 provinces, municipalities and autonomous regions. The curriculum includes political economy, industrial economic management, systems analysis and econometrics. The federation has also undertaken to help some provinces, municipalities and autonomous regions set up provincial-level economics training centers and is editing a series of economics texts. The federation publishes a number of economic journals, including ECONOMICS REVIEW, a weekly carrying research results and opinions, ECONOMICS DIGEST which carries articles in Chinese and foreign languages, and a bimonthly EXCERPTS FROM FOREIGN ECONOMIC DOCUMENTS. [Text] [Beijing XINHUA in English 0700 GMT 10 Mar 82]

CSO: 4020/105

Construction Industry

AUTHOR: None

ORG: Guest Columnist of the journal

TITLE: "How is the Construction System Going to Perform This Year's Work Well?"

SOURCE: Beijing JIANZHU [BUILDING CONSTRUCTION] in Chinese No 1, 30 Jan 82 pp 1-4

ABSTRACT: This paper is like a report of an interview without naming either the interviewer or the person being interviewed. All questions concern arrangements and activities of the construction system in the coming year of 1982. Without mentioning specific projects, steady advancement in the midst of national economic readjustment is promised in the answers. More specifically, in plant design, skylights are to be abandoned [no reason given] and more prefabricated members are to be used. Mechanized and semimechanized techniques are to be adopted in the construction procedure. On the basis of standardizing various structural members, efforts will be made to achieve serialization and capability of general application while at the same time there also will be efforts to create some variety. In construction materials the policy of energy conservation is to be carried out. In some large cities where conditions permit, there will be experiments with building commercialized residential dwellings which will be for sale at a price. There will be reforms in the construction labor system to adopt piece work, contract work, and temporary work systems. All leaders of the construction system will seriously reform their thoughts and work attitudes to contribute to the 4 modernizations and to link closely with the masses.

AUTHOR: LIU Yixin [0491 0001 1800]

ORG: None

TITLE: "Select Middle-aged and Young Cadres To Reinforce the Leadership Team"

SOURCE: Beijing JIANZHU [BUILDING CONSTRUCTION] in Chinese No 1, 30 Jan 82 pp 6-7

ABSTRACT: At present, the average age of the leaders of the various agencies of the Bureau of Construction is 57 while it is 60.6 in the parties and governments. The average age of the leaders in the companies, divisions, and first rank offices, is 52 to 53. As a leader of the Central Government pointed out that in another 3 to 5 years, a whole batch of old leaders will be forced to leave [reach the retirement age] while a large group of untrained new cadres will be forced into promotions. In the bureau, there is no lack of talent, however. Among the cadres, there are 12 thousand between ages of 36 and 50. For example, in the Northwest Academy of Construction Designing, alone, there are more than 100 1960's college graduates. This paper discusses the problem of the aging leadership in the construction industry and the urgency of preparing a group capable of taking over the responsibilities in a few years time.

6248

CSO: 4011/33

Construction Industry

AUTHOR: None

ORG: Shaanxi Provincial Construction Engineering Company No 3; Shaanxi Provincial Research Institute of Construction Sciences

TITLE: "The Construction of China's First Four-Flue Smokestack"

SOURCE: Beijing SHIGONG JISHU [CONSTRUCTION TECHNOLOGY] in Chinese No 1, 30 Jan 82 pp 7-12

ABSTRACT: Multi-flue super high smokestacks began to be built for large fuel power plants in foreign countries in the 60's because they have high horizontal load resistance, easily tested and repaired, have stable thermal draft, and produce less environmental pollution. They do have shortcomings of high cost, complex structure, and difficulty of construction, however. In 1975, the original Ministry of Hydro-electricity decided to build China's first 210/4Φ4.5 m 4-flue smokestack for the Shaanxi Province Qinling Power Plant. The project was to be designed by the Northwest Academy of Electrical Power Designing and the construction was to be undertaken by the Shaanxi Construction Engineering Company No 3, with the cooperation of the Provincial Research Institute of Construction Sciences. At present, the major structure has been completed. The brick laying work had started in Nov 81 and is expected to finish in Jan 82. The structure of the smokestack is described in some detail. A photo and numerous drawings depicting the schematic designs of its various parts are included.

AUTHOR: None

ORG: Jiangsu Provincial Research Institute of Construction Sciences; Nanjing Concrete Member Plant No 2

TITLE: "Mechanized Extruding Process Production Line"

SOURCE: Beijing SHIGONG JISHU [CONSTRUCTION TECHNOLOGY] in Chinese No 1, 30 Jan 82 pp 16-20

ABSTRACT: Porous concrete boards are very serviceable in civilian dwellings as floor boards, wall boards, etc, and their production amounts to 40-70 percent of the products of prefabricated concrete factories. When they are made manually, the work is hard, and the productivity and site utilization are low. The research on making an extruding forming machine to manufacture porous concrete boards began in 1973. The machine and the production line in Nanjing Municipal Structural Member Plant No 2 were placed in production in 1975. Since then, more than 200,000 m² of structure members have been produced. The complete mechanized production line was set up more than a year ago. It consists of 2 concrete platforms measuring 18 x 96 m, having 26 runways measuring 1 x 96 m, and equipped with 2 extruding forming machines, 2 portal jib cranes, one oil brushing machine, one concrete wet cutting machine, one steel reinforcement cutting machine, and 2 pairs of clamps. The process of stirring the concrete is controlled by a small computer. The various components of the production line, including the computer control system are described.

6248

CSD: 4011/35

Economic Development

AUTHOR: FENG Lanrui [7458 5695 3843]
ZHAO Lyukuan [6392 1462 1401]

ORG: None

TITLE: "The Wage Problem in China"

SOURCE: Kunming JINGJI WENTI TANSUO [INQUIRY INTO ECONOMIC PROBLEMS] in Chinese
No 1, 20 Jan 82 pp 18-24

ABSTRACT: Since 1949 the wage system in China has had 4 changes: 1949-57, 1958-65, 1966-76, 1977 to the present. The gang of four assailed the principle of distribution according to labor and regarded the system of wage as revisionist. After the gang of four was overturned 4 conferences were held to discuss the problem from Apr 77 to Oct 78. Since then, the principle of distribution according to labor has been firmly established and some obviously beneficial results have been obtained. Existing problems include a large number of low wage earners (less than 56 yuan/month), overemphasis of egalitarianism, extremely complex standards, centralized inflexible decision making process, lack of attendance standards or records, and unreasonable distribution of bonuses. As the current system remains to be the old system formulated 20+ years ago on the USSR model and no longer conforms with China's present conditions, reforms are urgently needed. Following practices at individual factories are deemed to be worthy of consideration: (1) Regarding 50 percent of the wage as the basic wage and the other 50 percent added to the bonus to be awarded according to performance; (2) Distributing wages from the sales total; (3) Designating a percentage

[continuation of JINGJI WENTI TANSUO No 1, 1982 pp 18-24]

of take or profit as wages to be distributed according to the contribution; (4) Paying wages on a piece-work basis; (5) Establishing a point system to calculate quantitatively the responsibility, the authority, the requirement, the labor intensity, the time, etc. The above local reforms have been successful, the authors maintain, because they represent a direct link, to a certain extent, between reward of labor and fruits of labor. China's wage problem cannot be properly resolved until the system of economic responsibility becomes the general practice, the principle of distribution according to labor is seriously implemented, and all forms of egalitarianism phenomenon among units and among individuals are strictly overcome.

AUTHOR: HUANG Changji [7806 2490 1015]

ORG: None

TITLE: "An Investigation Into Existing Questions of Prices of Cotton Textile Products"

SOURCE: Kunming JINGJI WENTI TANSUO [INQUIRY INTO ECONOMIC PROBLEMS] in Chinese No 1, 20 Jan 82 pp 36-39

ABSTRACT: While the proportion of the various elements of the national economy is being readjusted, a reform of the management system has also been launched to expand the autonomy of individual enterprises and to use the method of allowing retention of a portion of the profit to encourage production increase and thrift. This is undoubtedly a very good thing but some new conditions and problems have appeared regarding prices. The key factor is the separation between pricing and reality. The price of raw cotton has been adjusted and readjusted many times but the price of cotton yarn and cloth remains the same to cause a reduction of profit for the textile industry. The average profit created by a worker is 1.26 yuan for weavers and spinners but 6.86 yuan for a worker of the printing and dyeing industry. The average profit (percent) is 5.54 for pure cotton yarn, 10 for chemical fiber, 4.62 for pure cotton cloth, and 12 for chemical fiber cloth. On the one hand it is necessary to continue to maintain stable prices for cotton textiles, on the other hand it is also urgently necessary to adjust the prices of different products and of different regions to make them more reasonable. Among other proposals, the author suggests the use of taxes to improve the profit of the weaving and spinning industries and reduce the profit of the printing and dyeing industries.

AUTHOR: ZHANG Huaiyu [1728 2037 3254]
HUANG Jianguo [7806 1696 0948]

ORG: None

TITLE: "A Report of the General Condition of the Yunnan Province Economic Work Discussion Meeting"

SOURCE: Kunming JINGJI WENTI TANSUO [INQUIRY INTO ECONOMIC PROBLEMS] in Chinese No 1, 20 Jan 82 pp 74-76

ABSTRACT: The First Provincial Economic Work Discussion Meeting was organized in early Sep 81 by the Yunnan Provincial Committee and the Provincial People's Government. Committee members, leaders of the various provincial departments, specialists of economic theory and professors of economics, totalling more than 200 persons, participated. Discussions centered upon the following: (1) There must be no vacillation concerning the policy of regarding agriculture as the foundation; (2) All beneficial readjustments and reforms should continue. Adoption of income tax, excess profit tax, etc. under the condition of not allowing price changes is suggested by some participants as a way of resolving newly arisen problems. (3) A certain speed of growth must be maintained for all industries. (4) Financial and economic work must be made more flexible. (5) Attention must be given to the increase of economic benefits through practicing democratic management, perfecting the system of economic responsibility, expanding re-production, and fully utilizing existing equipment, manpower, etc.

6248

CSO: 4011/12

Economic Development

AUTHOR: JIN Hongfan [6855 3126 3062]
YU Jinman [0151 6855 3341]

ORG: None

TITLE: "On Ways of Speeding Up the Economic Development of Fujian Province"

SOURCE: Xiamen ZHONGGUO JINGJI WENTI [CHINA'S ECONOMIC ISSUES] in Chinese No 1,
20 Jan 82 pp 9-13, 19

ABSTRACT: As China's economy has begun to enter a stable path of development, the Central [Government] implements a special policy toward Guangdong and Fujian Provinces which are located in the subtropics and close to Hong Kong, Macao, and Taiwan, with numerous overseas Chinese and excellent conditions for developing foreign trade. In the past, leftist ideology prevented Fujian from fully utilizing her advantages. The strategy today is to use overseas Chinese capital to promote export trade. Aside from introducing foreign capital, establishing bases of export trade, and expanding world markets, the authors include as ways to promote accelerated development, the need for continuous increase of consumption to stimulate production and the need for effective control of the growth of population.

AUTHOR: QIU Zongshun [5941 1350 5293]

ORG: None

TITLE: "Problems of Promoting Economic Effects"

SOURCE: Xiamen ZHONGGUO JINGJI WENTI [CHINA'S ECONOMIC ISSUES] in Chinese No 1,
20 Jan 82 pp 14-19

ABSTRACT: From a long term point of view, the economic problem of China cannot be limited to the distribution relationship. Some complain about the rate of accumulation being too high. This is to view the national income [the GNP] as a fixed amount. It is in fact a variable determined by production. In the middle of the 70's, Japan's rate of accumulation was as high as 40 percent and the level of consumption was not affected while the condition for improving future national income was thus created. The reason for the scant national income in China is the great waste and loss in the production process. Using economic laws of Yugoslavia as the example, the author suggests the use of economic legislation to emphasize economic benefits for the nation as well as economic effects for the individuals (the micro economic effects and the macro economic effects,) and to overcome egalitarianism.

AUTHOR: HUA Depei [5363 1795 1014]

ORG: None

TITLE: "On the Problems of Calculating the Net Product of an Electric Power Network"

SOURCE: Xiamen ZHONGGUO JINGJI WENTI [CHINA'S ECONOMIC ISSUES] in Chinese No 1, 20 Jan 82 pp 26-31

ABSTRACT: According to the document, Interpretation of Major Indices of Industrial Statistics (Draft) revised in Dec 79, the National Bureau of Statistics permits the use of either the production method or the distribution method for calculating the net product of an industry. Due to the fact that the profit of a power generating plant is computed by the power network, it is difficult to use the distribution method. In concrete calculation, some prevailing regulations appear to be unreasonable. The prevailing equation is as follows: Net production of the industry = quantity of power x average unit price of power sold - (fuel cost + material expenditure + depreciation + estimated future renovation cost + cost of buying power + cost of water). Unlike other industries, the production and the sales departments of the power industry cannot be separated. The power is the product of the combined entity of the power plant, the bureaus of power supply, power transmission, and management. The power sold is not the product of a single power plant; it is that of the power network. The author suggests a revised equation as follows:

[continuation of ZHONGGUO JINGJI WENTI No 1, 1982 pp 26-31]

Net product of a power network = the amount of power generated (the amount of heat supplied) x average unit price of power (heat) sold - (fuel cost + material cost + basic depreciation + estimated future repair cost + value of power used by the plants + value of power lost by the lines + cost of water) + (amount of power purchased x average unit price for power sold - cost of power purchased). After the net product of a power network is obtained, it remains necessary to calculate the net product of the various power plants scattered in different provinces or prefectures. Consideration must be given to the difference between hydroelectric and fuel power plants and plants of advanced and backward equipments so that the size of contribution of the workers of the different plants may be correctly represented. The author suggests the following equation: Net product of a power plant = [value of total production of the plant - (cost of power generation of the plant - total wages paid by the plant + value of power used by the plant)] - amount of power supplied by the plant/ amount of power supplied by the entire power network x [value of power of the entire network - (total cost of power generation of the entire network - total wages paid by the power plants of the entire network + the value of power used by plants of the entire network) - the net product of the entire network]. Results of calculation using various equations are compared.

6248

CSO: 4011/11

Economic Research

AUTHOR: CHEN Shengchang [7115 0524 2490]

ORG: Research Institute of Economics, Chinese Academy of Social Sciences

TITLE: "On Socio-economic Effects of Distorted Structure of Industry"

SOURCE: Beijing JINGJI KEXUE [ECONOMIC SCIENCE] in Chinese No 1, 20 Feb 82 pp 17-22

ABSTRACT: The socio-economic effects of the so-called distorted structure of industry is discussed in the paper from the following 4 aspects: (1) Macro-economic results: The increase of per capita income and the rate of fixed asset investment of 1976-78 are compared with the previous four 5-year plan periods to show some progress over the period of the Cultural Revolution, but still considerably below the level of the first 5-year plan period. (2) The production cycle: Overemphasized development of some heavy industries causes an imbalance in transportation, energy resources, light industry, and agriculture in terms of a limited supply of materials and manpower, resulting in a dislocation between supply and demand. There is no feedback from consumption to production and the production-reproduction cycle is in total disarray. (3) Adverse effects on the natural environment: Such measures as the destruction of forests, encroachment of lakes and wetlands, etc. did raise the grain production but also brought about worsening problems of drought, flood, erosion, and the expansion of deserts. (4) On the livelihood of the people: The im-

[continuation of JINGJI KEXUE No 1, 1982 pp 17-22]

provement of the standard of living of the people cannot be made faster than the rate of increase of the productivity, otherwise, inflation will cancel the gain. In China, the average increase of productivity is 4.6 percent in 1950-78, but it was only 1.3-2.5 in the years of 1966-75. It was only 1.38 percent in 1976-78. Even if the rate of accumulation [the savings rate] is instantly reduced there is still no way to improve the standard of living of the people, because: (1) There is no way to turn the gigantic quantity of machinery and equipment into consumer goods; (2) The self-servicing structure of China's heavy industry is often completely helpless to meet the demand of large quantity of consumer goods. (3) There is no way for the light industry to produce so many consumer goods all at once. These are only the basic aspects of the socioeconomic consequence created by the distorted industrial structure offered by the author to promote understanding of the significance of the current economic readjustment.

This paper was received for publication on 21 Sep 81.

AUTHOR: GAO Chengde [7559 4453 1795]
WANG Yongzhi [3769 3057 3112]

CRC: Both of Beijing University

TITLE: "The Function of Economic Law in Reinforcing and Improving Economic Management"

SOURCE: Beijing JINGJI KEXUE [ECONOMIC SCIENCE] in Chinese No 1, 20 Feb 82 pp 29-32, 38

ABSTRACT: Economic law sets a limit for economic life and is the rule of economic activity to be seriously obeyed and implemented by everyone. In the following aspects, economic law may function to improve economic management: (1) To guarantee the realization of the principle of centralized leadership and democratic management so that economic construction will prosper in the direction of socialism. The law provides a centralized leadership authority as well as guarantees the rights of the workers' representative associations. (2) Economic law promotes cooperation under a management system of clear-cut responsibilities, authorities, and benefits of various elements of an enterprise. (3) Economic law insures the realization of the national economic plan. The socialist economy is a planned economy of orderly and proportional development. The law is clear against misuse of public materials and funds, spurious authorization of construction projects, improper hiring, arbitrary increase of prices, false report of data, or undermining the state's plan.

[continuation of JINGJI KEXUE No 1, 1982 pp 29-32, 38]

(4) Economic law protects the legitimate rights and benefits of the people, therefore, encourages positive productive activity of the masses. (5) Economic law strengthens and reinforces international economic cooperation and promotes external economic relationship.

This paper was received for publication in Nov 81.

6248

C50: 4011/37

Population Research

AUTHOR: KANG Yonghe [1660 3057 0735]

ORG: Member of Chinese Delegation to the Asian Conference of Parliamentarians on Population and Development, Director, National Bureau of Labor

TITLE: "Employment in Cities and Towns in China"

SOURCE: Beijing RENKOU YANJIU [POPULATION RESEARCH] in Chinese No 1, 29 Jan 82
pp 17-18

ABSTRACT: This is a report of the author at the conference. As problems of population and development are closely related to employment, the author believes that exchange of opinions on the subject should be beneficial. In 1949, the new China took over from the old 400 million unemployed and through retraining and workfare programs, jobs were found for all by 1958. In 1958-66, the problem was mainly assigning work to junior and senior highschool graduates while new industries sprang up rapidly to absorb them without delay. Internal upheavals of the decade of 1966-76 seriously disrupted the national economy, while 13 million farmers were absorbed into the work force of the cities and 17 million city youths were brought to the countryside. In addition, the control over the growth of population was lost in some of these years. Since 1977, positive measures have been taken by the government to resolve the mounting problem of unemployed youths and on the average jobs have been arranged for 7 million of them each year. At present, in 10 provinces,

[continuation of RENKOU YANJIU No 1, 1982 pp 17-18]

those who were unemployed in 1979 have received assignments. [There is no mention of the number of unemployed in the country today, however.] It is estimated that by 1985, in most regions, jobs will be found for the unemployed youths waiting for assignments more than a year. The author provides the statistical data of the change of the ratio between the number of the employed and the number of dependents as follows: 1 : 5.15 in 1949, 1 : 2.60 in 1952, 1 : 2.15 in 1957, 1 : 1.06 in 1977, and 1 : 0.83 in 1980.

AUTHOR: ZHANG Fan [1728 0416]
ZHOU Qing [0719 3237]

CRG: None

TITLE: "A Report of the Special Subject Symposium of Population and Economy"

SOURCE: Beijing RENKOU YANJIU [POPULATION RESEARCH] in Chinese No 1, 29 Jan 82
pp 21-25

ABSTRACT: A symposium on the special subject of population and economy was held in Beijing in Aug 81 under the auspices of Chinese Population Society. The participants carried out lively debates on the theory of 2 forms of production and the relationship between population and the economy. Major controversies are as follows: (1) Does the theory of 2 forms of production exist in Marxism? The point being debated is the importance of the Marxist theory of population in the entire philosophy of Marxism. (2) Does the 2 forms of production theory imply dualism? It would be a dualistic viewpoint if population [the production of people] is understood to be the determinant factor of the historical development of society. (3) Is the ratio between the 2 forms of production, i.e. the production of people and the production of materials, the most basic ratio in the national economy? It appears that the participants at least agree that a high speed development of the national economy can only be realized with an optimal ratio between the 2 forms of production. (4) Is a harmony between the 2 forms of production a principle common to all so-

[continuation of RENKOU YANJIU No 1, 1982 pp 21-25]

cieties? The only thing all seem to agree is that socialism promotes conscientious regulation of population and productive materials while capitalism impeded a harmony between the two. (5) Can the population problem fade away naturally when the economy is straightened out? There are 2 factors in the solution of the population problem of China: all out development of production and all out control of population. All agree that anyone who believes that one of the factors can solve the problem without the other is wrong. (6) What is the effect of implementing a system of production responsibility in rural villages on family planning work? All agree that as farmers become more positive toward production following the implementation of various farms of production responsibility system the birth rate will somewhat increase. As more land is distributed to larger families there will be more early marriages, more unplanned births, and more worry about childless old age with the somewhat altered condition of the collective economy. New solutions must, therefore, be found as new problems arise.

AUTHOR: WANG Weizhi [3769 4850 1807]

ORG: State Council Population Survey Office

TITLE: "To Improve the quality of Demographic Statistics Through Population Census"

SOURCE: Beijing RENKOU YANJIU [POPULATION RESEARCH] in Chinese No 1, 29 Jan 82
pp 41-42

ABSTRACT: China is one of the earliest countries of the world to have population data, with known official population figures dating back to 206 B.C. (the Western Han Dynasty.) Since the liberation, there have been censuses in 1953 and in 1964, and a system of yearly population statistical report. In some ways, China's population statistics remain backward, however. There are no basic data concerning occupation, employment, size of family, condition of marriage, etc; the condition of movement of population and other seasonal, cultural, racial, etc. variations are not exhaustively reported; there have been no timely registration of birth and death in recent years; and some classifications are less than scientific (for example the division between farming and nonfarming population is based upon whether the people eat commercial grain.) For the coming third national census, the author suggests: (1) Instead of on the basis of legal residence, people should be counted where they regularly live in order to conform with reality. (2) All aspects of population development, including natural, economic, social should be included in the census as the result is to be used as the basis for developing a population policy. (3) In a country of a billion people, the modern sampling technique should be adopted to improve efficiency.

AUTHOR: QU Geping [2575 2706 1627]

ORG: State Council Environmental Protection Office

TITLE: "Population Control and Environmental Protection"

SOURCE: Beijing RENKOU YANJIU [POPULATION RESEARCH] in Chinese No 1, 29 Jan 82
pp 43-48

ABSTRACT: lately, many scholars of the world and some agencies of the UN have listed the rapid rising population, pollution and destruction of the environment, the unreasonable development of resources, and the improper ways of development as the 4 major problems facing the world community. All other problems of mankind are influenced and controlled by these 4 problems. Under the condition of a reduction of cropland per capita and rapid increase of population, the positive way to increase the food supply is to increase the unit yield, which are effectively dependent on the application of chemical fertilizer and pesticides and uncontrolled use of these brings about increasingly serious problems of environmental destruction. The problem is also compounded by excessive grazing and destructive cropping systems to cause serious deterioration of land resources. Forests are being destroyed to cultivate crops, to build houses, and to supply materials for many other activities to a tone of 37, 12, 18 million hectares in Africa, Asia, and Latin America, in the 5 years of 1975-80 alone. Effects of population pressure on energy resources, on urban environment, on industrial development, and on the climate (atmospheric pollution) are also discussed.

6246

CJC: 4011/38

Railroads

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CRC: None

TITLE: "Tunnels Through the Mountains and Across the Ranges"

SOURCE: Beijing TIEDAO ZHISHI [RAILWAY KNOWLEDGE] in Chinese No 1, 28 Jan 82 pp 6-7

ABSTRACT: This article contrasts the history of tunnel building on Chinese railroads prior to 1949 with the furious pace since that time. From the time the first railroad tunnel was built in Taiwan in 1899 (261.4m long) until 1949, 238 tunnels with a total length of 89 km were built, amounting to 0.6 percent [sic] of the 21,000 km of railroads in the entire country. The article points out 4 characteristics of tunnel building during this period: (1) There were few tunnels built; (2) They were short, averaging only 370 m; (3) Standards were lacking; (4) The level of construction technology was backward, resulting in poor quality and many accidents. Since the liberation, 3957 tunnels with a total length of 1,897 km have been constructed, amounting to a 20 fold increase over that which took place in the 60 previous years, and amounting to about 6 percent of the 30,000km of new railroads constructed. A detailed discussion of tunnel building on the Chengdu-Kunming Railway is provided. In the past 30 years over 50 tunnels exceeding 3 km have been constructed, and 10 of them more than 5 km, the longest being the 7,032 m Yimaling tunnel on the Jingyuan Railway. China is actively pursuing the advancement of tunnel building technology.

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TITLE: "A Discussion of China's Local Railroads"

SOURCE: Beijing TIEDAO ZHISHI [RAILWAY KNOWLEDGE] in Chinese No 1, 28 Jan 82 pp 8-10

ABSTRACT: Usually when discussing railroads people only think of the 50,000 km of railways under the Minister of Railways. However, there is also a substantial network of local railways which has usually not been included in calculations of China's railroad mileage. They are mainly locally managed railroads built with local capital. In the last 20 years about 6,000 km of such railroads have been built. Of these, 2,300 km of standard gauge lines have been turned over to the ministry at various times to form a part of the national network. The remaining 4,000 km (of which 1,000 km is standard gauge and 3,000km narrow gauge) are under provincial and local management. Many of these serve small and medium scale mines. Some are feeder lines which connect local communities with major trunk lines. The article discusses improvements in the quality of local railroads achieved under central leadership. Trains on narrow gauge railroads travel at 35 to 40 km/hr and transport 450 to 500 tons. Standard gauge roads now approach the national standards for 3rd class railroads. The article discusses the relative efficiencies of trunk railroads, local railroads, and highways, and concludes that local railroads are not as efficient as trunk railroads but much more efficient than highways, therefore, they have a rational place

[continuation of TIEDAO ZHISHI No 1, 1982 pp 8-10]

in China's transportation system. The cost per ton-km is less than half that of trucks and they can save the country 120 to 150 million yuan per year. Finally, the article concludes that China's railroads still do not meet the country's needs, and therefore the local railroads have an important role to play.

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TITLE: "Damages and Benefits From the Wind Along the Lanzhou-Xinjiang Railway"

SOURCE: Beijing TIEDAO ZHISHI [RAILWAY KNOWLEDGE] in Chinese No 1, 28 Jan 82
pp 16-17

ABSTRACT: The Lanzhou-Xinjiang Railway passes through some regions of notoriously high winds, including Wulumuqi, Zhunger Basin, Tulufan, and Hami. According to meteorological records and reports of railroad workers, windstorms take up 2/3 of the year, from the end of Feb to Nov. Spring winds are especially ferocious, frequent, and long lasting. The wind speed may reach 40m/sec. In spite of all sorts of wind walls, protective nets, etc. the wind is still capable of turning the train over. Sometimes, the locomotive is unable to move against the wind and the whole train had to return to the original station to wait out the windstorm. The exterior brick walls of a new station building was completely worn down by windblown sand and stone. The power lines are often broken by the wind to interrupt communication. At first the station in the Gobi Desert did not have electricity and depended upon kerosene lamps. The Wulumuqi Bureau of Railways experimented successfully with a windmill generator. Now it provides 2kwh of power to charge all the batteries of the passenger trains as well. In the long run, the use of solar energy and wind energy to generate electricity for the railroad stations appears to be very promising.

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62

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